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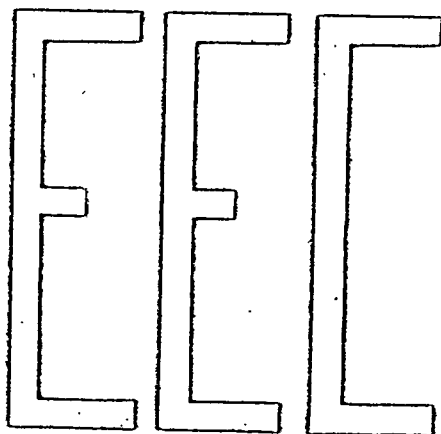
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I. Transport in the EEC

Lambert SCHAUS,
Member of the Commission

In its Resolution of 31 March 1960, passed on the occasion of the debate on the speed-up of the implementation of the Treaty, the European Parliament requested "the Commission of the EEC, the Council of Ministers and the Governments to speed up the simultaneous and harmonized implementation of measures for . . . a common policy in the field of transport". In the "Declaration of intention concerning internal acceleration" issued on 12 May 1960 the Council of Ministers, acting in full agreement with the Commission, confirmed its "intention to pursue in the field . . . of transport a policy in step with developments in the other sectors of the Common Market".

It goes without saying that the implementation of the provisions of the Treaty must proceed harmoniously, since the authors of the Treaty sought to establish a fair equilibrium in the measures adopted concerning the various economic branches. If the general objectives of the Treaty are to be more speedily realized, then the common transport policy must also be adapted to this pace.

Nevertheless, the real implications of the transport provisions in the Treaty of Rome must be remembered. At the time of the signature of the Treaty, the High Contracting Parties found that the special provisions of Title IV (Part Two) were incomplete and that negotiations had to go on for the eventual drawing up of a common transport policy; this is the meaning of Article 74 of the Treaty. These negotiations will be carried out on the Community level and Article 75 lays down the pertinent procedure. The Commission submits proposals; the Economic and Social Committee as well as the European Parliament are consulted; the Council of Ministers, acting by means of a unanimous vote until the end of the second stage and subsequently by means of a qualified majority, lays down common rules, conditions and provisions.

In the last analysis, therefore, the adoption of a common transport policy depends on the will of the Governments. The Commission has right of initiative and must make proposals which must be at the same time realistic and bold, taking into account the general interests of the Community. The Economic and Social Committee will voice the views of the industry concerned, and the European Parliament, which has already submitted excellent reports on transport, will give its very valuable opinion and will at the same time express its determination to succeed politically. The working out of the common transport policy will be a lengthy, laborious

and difficult task. It is necessary, however, to sketch the main outlines of this policy as soon as possible. The Commission will shortly submit the first paper on the common transport policy which will serve as a working basis and will be submitted for discussion to agencies of the Community and both sides of the industry concerned.

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However, in order to speed up the implementation of the Treaty provisions on transport, it is necessary in the first place to carry out the obligations laid down in a number of Articles.

The first of these in order of time was the obligation to draw up a regulation to ensure the implementation of Article 79 (1) of the Treaty, that is to say in the field of transport to abolish within the Community any discrimination consisting of the application by a carrier in respect of the same goods, conveyed in the same circumstances, of transport rates and conditions which differ on the ground of the country of origin or destination of the goods carried. This Regulation was unanimously adopted by the Council at its session of 27 June last. The Regulation enables the Commission to reveal the types of discriminations referred to and provides it with the means of abolishing them. Within certain limits and for the purpose of the abolition of discrimination, the Regulation vests in the Commission a direct power of supervision and enables it to apply sanctions under the control of the Court of Justice.

When the Commission submitted its proposal for this Regulation, it raised the question of the publication of transport rates and conditions. This, it will be remembered, is one of the most controversial transport policy issues for the six Member States. On a modified proposal by the Commission, the Council has unanimously adopted a subtle but significant solution. A solution to the question of publication must be sought within the common transport policy; if no such solution has been found — unanimously — on this basis by 1 July 1963, decisions concerning the nature, the form and the scope of such publication, as well as any other suitable steps, shall be taken within the limits and conditions of Article 79 (1) and (3), due account being taken of the fact that such decisions or steps must in all circumstances fit in with the common transport policy. The Regulation therefore lays down that from the date given, and in the conditions stipulated, a decision on publication can be taken by a qualified majority.

Clearly, however, the other problems of transport policy must be solved simultaneously. The application of Article 80 (rates involving an element of support or protection) and 75 (1 a and b) (rules applicable to international

transport and conditions for the admission of non-resident carriers in the national transport services within a Member State) will make it possible to lay down certain general principles of the common policy. Broadly speaking, the obstacles in the way of the good functioning of the Common Market must be removed and transport must be progressively liberalized.

The importance of the standstill agreement in the field of transport, which is valid until the common policy has been established, cannot be over-estimated. Since the entry into force of the Treaty, by virtue of Article 76, no Member State any longer has the right "to make less favourable in their direct or indirect effect, for carriers of other Member States by comparison with its own national carriers, the various provisions governing this subject on 1 January 1958". In addition to the clear obligations laid down in Article 76, the Member States must, under Article 5 (2), "abstain from any measures likely to jeopardize the attainment of the objectives of this Treaty". If this principle is applied in the field of transport, it is logical to request the Member States to consult one another and the Commission whenever they propose to take measures on the national level which could impair the common policy.

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The provisions in Title IV of the Treaty and in particular those of Article 75 make it possible to determine all the rules required for a common transport policy.

The Commission has carried out initial studies which have enabled it to draw up the first complete plan for the common policy. Discussions concerning this plan will give the Commission the necessary background information for it to submit its proposals in accordance with the proper procedure.

The Commission believes that the common policy should extend to the infrastructure of transport. It is of the opinion that the existence of a network of main lines of communication, planned from the European point of view, is one of the principal means for the economic development of the Community. On 23 June last, the Commission addressed to the Member States „Recommendations for the development of transport infrastructure within the Community". This first overall plan dealing with the major rail, road and inland waterway communications essential to the development of the Common Market, will be complemented by a programme for the improvement of regional transport infrastructure, especially taking into account the needs of the Community's less developed areas.

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The common transport policy cannot be brought into being unless the Member States have the determination to succeed politically. Great difficulties are bound to be encountered. Nevertheless, the technical obstacles with which the experts are dealing must not be overestimated, but an attempt should be made to overcome them in a spirit of mutual understanding and compromise. It is the duty of the political authorities to ensure that solutions are sought on the Community level and in a European spirit. Since the Treaty provides for continuous negotiations on the matter of transport in the framework of the Community, it is clear that political responsibility is involved.

This common transport policy is necessary if the success of the Common Market is to be assured. It will take due account "of the economic situation of carriers" (Article 78) and will endeavour to raise the standard of living and the level of employment in the Member States.

Within the general economic policy of the Community it will be the objective of the common transport policy to serve the common good of this Europe of ours which, in the last resort, cannot differ from the common good of each of the Member States.

Brussels, 11 July 1960.

II. Activities of the Community

SPEEDIER IMPLEMENTATION OF THE TREATY

1. When the Commission submitted to the Council its recommendations for the speedier attainment of the objectives of the Treaty of Rome, it stressed that it was the purpose of the Treaty to create an economic union and not only a customs union and that consequently acceleration of the elements which made up the customs union must not be allowed to upset the general structural balance of the Treaty. The Commission has always held that an attempt must be made to quicken the pace at which all the other elements, that is to say, the common policies provided for by the Treaty, are brought into operation. In its recommendations to the Council, the Commission submitted concrete proposals and suggestions for the speedier application of certain parts of the Treaty which are of particular importance. As a result of debates in the European Parliament and the decision taken by the Council on 12 May 1960, the Commission outlined a more detailed action programme for all the fields in which it was competent; the essential points of this programme were made in the European Parliament by the President of the Commission when, on 28 June 1960, he opened the general debate on the Third General Report drawn up by the Commission.

The statement on this subject made by President Hallstein contains the following eight points :

“ a) In the field of commercial policy we consider it necessary to press forward the preparatory work, begun long ago, for drawing up the methods of a common commercial policy. In detail, this means :

These efforts must be intensified and systematic so that the first steps of a common commercial policy may be taken within the foreseeable future.

In addition, the elaboration of certain general principles of commercial policy which are to serve the Member States as a guide for day-to-day practice will have to be speeded up. A commercial programme of action limited to the first phase of the transition period, i.e. to the end of 1961, will have to be drawn up, thus enabling us to gain more experience and to profit by it.

We also consider it necessary to improve the co-ordination of commercial negotiations amongst Member States. Such consultations, which have already occurred in the past, should now take place systematically in certain cases, following a procedure ensuring the highest degree of efficacy. Moreover, one might consider including in bilateral trade agreements an EEC clause, modelled on the Benelux clause, which would facilitate the synchronization of the periods of validity of all bilateral agreements and thereby ease their incorporation in the common commercial policy.

As a consequence of the Council's decision of 12 May, under which quantitative restrictions are to be abolished as soon as possible, the question of bringing the liberalization measures of the Member States into line has receded somewhat into the background. But as long as the problem of industrial imports from countries with extraordinarily low production costs has not been solved, and so long, therefore, as the liberalization within OEEC cannot be extended to the GATT partners without further ado, there remains a task which calls for early solution.

Finally, the Commission considers it necessary in certain instances to begin the first negotiations for commercial agreements at Community level on the lines of Article 113 of the Treaty. There is the danger that unless something is done in this direction, non-member states will derive from the separate action of the Member States undesirable advantages and that the free movement of goods within the Community may be impaired.

In making this proposal, we do not intend to set in motion the procedure laid down in Article 113 for the end of the transition period, but we do believe that the time has come for a clearer demonstration of the commercial unity of the Six. The forms of this co-operation could be adapted to changing circumstances.

b) The speedier implementation of the customs union affects the Commission's general economic and financial responsibilities mainly because, as the obstacles to the movement of goods and capital are reduced, the possibility increases that economic measures taken by any one Member State can have direct or indirect repercussions on the economy of the other Member States.

Therefore, all Member States should even more than hitherto, bear in mind the objectives of our Treaty when taking decisions on economic policy. The Treaty says that the economic and finance policies of the Member States are to be co-ordinated, the Council of Ministers having the general duty of ensuring that the economic policies of the Member States are harmonized. We have the first elements of a special set of co-ordination media : I refer to the Monetary Committee and the Committee on economic trends; the regular meetings of the Ministers of Finance can also acquire considerable importance in this context.

It is particularly in the field of policy relating to economic trends that these media will have to prove their effectiveness. It will be necessary for the co-ordinated policy of the Member States, with the collaboration of the Commission, to give greater attention to regional policy than has been the case up to date, for there can be no doubt that the acceleration will bring out regional differences earlier and more sharply. Apart from future activity in this field, the Commission has already, in the structural programme of its proposals on agricultural policy, taken a first and, it believes, a significant initiative in this field. As early as last year, the Commission paid great attention to the questions which have arisen in the field of energy economy. It has worked with the High Authority of the Coal and Steel Community and the Commission of the Atomic Energy Community in the

inter-Executives Committee. Co-ordination of energy policies is of increasing importance. To the many reasons militating in its favour, and which were already present when there was relative scarcity on European energy markets, must now be added the problems caused by price reductions and difficulties attending competition. The attitudes which the individual governments are adopting in face of growing pithead stocks and increasing unemployment in the coal-mining areas or the fall in fuel oil prices — considerable in some countries — are far from harmonized. These differing concepts do not contribute to maintaining the common energy market where it is already a reality or to furthering its introduction where it does not yet exist. Should the views of the governments become even more divergent in future, the free movement of sources of energy, and possibly also movement of a whole series of products in whose manufacture energy is an important cost factor, might be imperilled. The question of harmonization of energy policies is therefore serious. Alongside the inter-Executives Committee, working parties have been formed in which officials of the Member States and of the two other Communities collaborate.

c) As is known, the acceleration decision taken on 12 May provides for more rapid abolition of customs duties and quotas in the *internal market*. The result is that the so-called four freedoms in the Treaty — free movement of capital, free supply of services and freedom of establishment and work — must be given effect more rapidly. Great possibilities of progress are already opened up for capital movement by existing proposals of the Commission, and the Commission will, if necessary, add to these proposals. Before the beginning of the summer vacation, it will submit to the Council of Ministers a programme for the abolition of obstacles to the free movement of services. Again, the programme for the elimination of obstacles to the right of establishment has been before the Council since the end of last March and the Commission hopes that the Council will treat it as a matter of priority. Finally, the Commission's proposals for the introduction of the free movement of labour is ready and will be transmitted to the Council in the next few days.

As you know, the various national monopolies are a special obstacle to the creation of a free internal market. We are of the opinion that the method which promises the greatest success is that each Member State should examine each individual case with the Commission. This examination should lead to a precise programme for the abolition of all discrimination which these monopolies have so far entailed for nationals of the Member States. This includes in particular the great tobacco monopolies concerning which the Commission some while ago communicated to the Member States its views on the procedure for this adjustment.

d) In the field of competition policy, we must start from the fact that the establishment of the internal market is still being hampered by various differences in the legal systems of the Member States and by the variety of taxation systems. The Commission will therefore submit to the Council before the end of 1961 a detailed

programme for the approximation of the relevant laws. The Commission envisages including in its programme a time-table for the smoothing out of such awkward legal differences by the end of the transition period.

As far as taxation is concerned, the Commission has already submitted proposals on turnover equalization tax and tax rebates on turnover tax which have been given final consideration by the Council; these are intended to prevent any really unjustified modification of these taxes or rebates which would have an upsetting effect on the common market. In 1961, the Commission will place before the Council a general programme for the harmonization of taxation, with the emphasis on the harmonization of turnover tax and excise duties. The measures necessary with regard to other types of tax are also under consideration.

Finally, the Commission will further take up without delay the problem of practices distorting competition, whether these are introduced by trade and industry or are state measures in the form of subsidies. In the field of cartel and competition policy, the Commission will submit, before 1 October, a regulation for the application of the Treaty rules on competition. The purpose of this regulation will be to make possible the abolition of the procedural difficulties which have so far emerged. In the difficult and also politically sensitive field of the law on state subsidies, the Commission is especially dependent on the co-operation of the administrative authorities in the Member States. It must therefore once again ask the governments for their special support.

e) The Commission's work in the field of social policy also needs to be reconsidered in the light of acceleration. The rules for the Social Fund which have now been agreed to by the Council of Ministers provide the Commission with an important instrument for the solution of any problems of social policy which may arise from acceleration. These rules in fact provide expressly that the field of application of the Fund can be extended by decision of the Council on a proposal of the Commission. The Commission will make use of this provision whenever the necessity arises.

The expansion of the economy which is to be expected in the Community calls for the maximum use of its potential labour force. For this, however, a more dynamic policy by the Member States in the matter of occupational training is necessary. The Commission will, therefore, shortly submit to the Council the proposals provided for in the Treaty for the implementation of the common policy on occupational training; these proposals aim at a Community programme and it is intended that they shall be supplemented later. Consideration is being given to special measures with priority for certain areas or branches of the economy. These proposals will take special account of the general development of the employment situation and the social difficulties which may arise as a result of the speed-up in the pace of the Treaty. We further intend shortly to submit recommendations for a common programme for the exchange of young workers.

f) As regards agricultural policy, the Council decision of 12 May taken on the initiative of the Commission itself requires it to transmit to the Council of Ministers by 30 June its definitive proposals for the common policy. I am happy to report to this Assembly that the Commission is engaged in finalizing its proposals and that they will be laid before the Council of Ministers in the next few days. The suggestions brought to our notice in debates and opinions of the Economic and Social Committee and in the thorough discussions within the European Parliament have been most carefully considered by the Commission and put to use in many amendments which we hope are improvements. This means that the Commission has discharged its first duty in this field and it is now for the Member States to consider these proposals. However much we realize that, in this field as in others, we cannot please everybody, we nevertheless hope that our proposals will form a useful basis for a solution.

I do not think I am exaggerating if I say that the common agricultural policy is the most difficult problem which our Community has to face. If we look behind the formal facade of its agricultural section, we see that, at bottom, the Treaty has put off the solution — put it off to the process in the midst of which we now find ourselves.

Where does the difficulty lie? You all know the initial situation which is determined by two facts.

First, there is the circumstance that agriculture is many decades behind the industrial side of the economy. For a long time it was possible to make do with this state of affairs. However, in a period when economic development has gathered such momentum and is leading to such a deep transformation of our whole order of life as is the case today, it is not possible for agriculture — in its own best interest I would like to add — to do otherwise than catch up with the rest of the economy.

The second circumstance is the limitation of European agriculture to the national territories which has prevailed hitherto. The traditional confinement within the national frontiers has various causes. Historically it is a part of the development of nation states; it has economic, political and geographical causes, and strategic reasons have also played a great role; however, this confinement is no longer justified today, nor is it any longer possible.

The founding of the Common Market coincides with the natural termination of these two traditional conditions which only yesterday were characteristic of European agriculture. The Common Market is not the cause of the difficulty which confronts us. It is not the case that without the Common Market agriculture would have continued to get along by the old methods. All the questions today facing agriculture in the Community would have arisen even if the Common Market had not come into existence. But they would have then arisen without the supplementary possibilities of solution which a generous and forward-looking

Community concept offers. The Common Market is a new beginning and the opportunities it offers are also open to agriculture.

Finally, as concerns the methods, the style, of the common agricultural policy to be devised, it is superfluous to say that little help is to be expected in determining this from the antithesis between "a dirigist and a free-market-economy agricultural policy". The problems of agriculture can only be solved by methods which depart from such simplifying slogans. It is certainly not by chance that all the industrial countries of the world tackle agricultural problems by special methods and measures. On one point, however, we wish to exclude all doubt: the future European agricultural system will, even if it works by state intervention, be a liberal order in which free men who are masters of their own decisions will engage in economic activity and whom state and Community will aid rather than order about. Of all the criteria defining our European agricultural policy, this is the most important in a period of history overshadowed by the tragic fate of liberty. Wherever it is being played out this tragedy is, however, first and foremost the tragedy of the farming community. What has happened in recent months in the Soviet-occupied part of Germany is the latest shocking example of this.

g) Finally, the effects of acceleration on transport policy must be mentioned. Here there are three main groups of tasks which are affected by acceleration.

First the abolition of discrimination in transport. The Commission recently transmitted its proposals on this point to the Council. At present its proposal for the elimination of all protective and support tariffs is being prepared with all speed.

The second task is the creation of a Community transport network. The more rapidly this building of the Common Market goes forward, the more urgently and the earlier does the necessity arise of fitting infrastructure to the dimensions of this new economic area. For this reason, the Commission has worked out proposals for uniting the six still existing separate transport networks into one covering the six Community countries. In this it has been guided by the thought that the necessity to create such a Community network applies to each of the three modes of transport.

This task already covers part of the third great group of questions: the working out of a common transport policy. In this field the opinions of the governments — unfortunately this must be admitted — are for the time being still far apart. For this reason the Commission is thinking of organizing a general discussion of this problem perhaps on the lines of the Stresa Agricultural Conference. The principles on which, in the opinion of the Commission, this Community transport policy should be based, will be formulated so rapidly that such a general discussion could be held next year.

h) The most acute problem in relation to the countries and territories associated with the Community arises from the fact that many of these territories have become

independent states or will achieve independence in the foreseeable future. Our Treaty contains no provisions for such an eventuality. On the other hand, it is clear that it is not possible to wait until the expiry on 31 December 1962 of the protocol on association which at present supplements the Treaty in order to solve the problem of the new relationship of the territories in question with the Community. A pragmatic solution offers itself which is legally defensible. It is only three days since M. Metzger drew the attention of this House to articles in the press to the effect that the attainment of independence should not be considered as terminating the association but that the continuation of the old relationship should be accepted on the basis of the former situation if and as long as the participants are prepared to continue it. This solution, the political and practical fitness of which hardly needs to be explained, raises some organizational questions which must be solved by common sense. A newly independent territory has the choice either of continuing to be represented by the former motherland or of taking up direct relations with the Community — without the necessity of institutional changes which would require an alteration of the Treaty of Rome. Maintenance of the association relationship of course includes the relationship to the Development Fund. ”

EXTERNAL RELATIONS

Intra-European trade problems

2. The Committee on Trade Problems, which consists of the twenty member and associated states of the OEEC and the Commission of the European Economic Community, met in Paris under the chairmanship of M. Luns, the Netherlands Minister of Foreign Affairs, on 9 and 10 June.

The Committee took note of the preparatory work done by the secretariat in respect of European customs duties. It further noted that the Member States of the EEC and of the EFTA were prepared to enter into negotiations about cases of special difficulty, as indicated in the declaration of intention issued on 12 May 1960 by the Council of Ministers of the EEC and in the communiqué published after the Lisbon meeting of 19 and 20 May 1960 by the Ministers of the Member States of the EFTA.

Having been informed of a draft decision drawn up the day before by the Special Committee instructed to study problems of European economic association under the chairmanship of M. Rey, a Member of the Commission, it took the following decisions :

“ *Considering* the Declaration of Intention on External Relations adopted on 12 May 1960 by the representatives of Member governments of the European Economic Community,

Considering that the Community has declared its readiness, on the basis of the decisions taken at Brussels on 12 May 1960 and in accordance with the above Declaration of Intention, to hold negotiations with all Member countries or groups of Member countries of the Committee on Trade Problems and, in particular, with the Member countries of the European Free Trade Association,

Considering that the European Economic Community has also declared that the proposed negotiations with the countries of the European Free Trade Association, in particular, should preferably be directed toward the maintenance of the traditional trade between the two groups, in accordance with the rules of the GATT, and, if possible, toward the increase of such trade,

Considering that the Chairman of the Council of Ministers of the European Free Trade Association made known on 24 May 1960 that the Governments of the EFTA countries were prepared to enter into negotiations, which should be conducted in a constructive spirit within the framework of the Committee on Trade Problems in order to solve the trade problems presented by the existence of the two groups,

Considering that it is in the common interest that full consideration should be given, during the course of these negotiations, to the interests of the other member countries of the Committee on Trade Problems within the terms of the resolution of 14 January 1960.

The Committee on Trade Problems

DECIDES

a) to examine the ways in which reciprocal tariff concessions could be achieved in accordance with the above-mentioned decision and declaration as well as the resolution of 14 January 1960;

b) to analyse the data collected by the Secretary of the Committee on Trade Problems, and any further data requested and submitted, with a view to :

Defining those products of the various Member countries in respect of which particular trade difficulties might arise

and

Seeking appropriate solutions in accordance with the rules of the GATT and having full regard for the interests of the countries in process of economic development. Taking into consideration these results and those under paragraph 1, joint efforts will be made during the multilateral tariff conference which will shortly take place within the GATT in order to give it the greatest possible effect, to reduce the above-mentioned potential difficulties and to expand trade generally;

c) in order to achieve further progress, to continue to watch the development of currents of trade and to endeavour to find appropriate ways and means for the

removal, in accordance with the rules of the GATT, of particular difficulties which might be encountered;

d) to establish a study group, open to all the participants in the work of the Committee on Trade Problems, to deal with the problems referred to in paragraphs 1 to 3 above. This group shall meet at its convenience in Geneva or Paris. It will organise its work having in mind negotiations within the framework of the Tariff Conference which is to be held in Geneva as from 1 September 1960. It shall be free to refer specific problems or groups of problems to ad hoc sub-groups. It shall submit progress reports to the Committee on Trade Problems, the first report to be submitted in time for the Committee to consider it at its next meeting;

e) to continue its discussions of the long term aspects of the trade relations between the European Economic Community and the European Free Trade Association with full regard to the commercial interests of third countries and the principles and obligations of the GATT ”.

Association of Greece and Turkey with the Community

3. The negotiations for the association of Greece with the Community continued satisfactorily during May and June.

At the Council sessions in June and July 1960 the state of the negotiations was discussed with the Commission.

At the session on 19 and 20 July, the Council once again stressed the importance it attaches to the conclusion of an agreement with Greece. It requested the Commission to continue the negotiations on the lines indicated in the discussions held at the Council.

4. For technical reasons the new Turkish Government requested that the negotiations planned for June should be postponed to a later date. At the same time the Turkish Government emphasized its continued interest in an association between Turkey and the Community.

Association of the Netherlands Antilles with the Community

5. The special group set up by the Council at its session of 10 and 11 May, consisting of delegations from the Governments and from the Commission, met on 14, 15 and 16 June and on 11 and 12 July to examine the two “ memoranda ” from the Kingdom of the Netherlands and the technical study, prepared by the Commission's staff, on the subject of associating the Netherlands Antilles with the Community.

The special group will meet again in the second fortnight of September to receive a report being prepared by its sub-groups and dealing in particular with the legal problems involved.

The Community and countries in the course of development

6. On 5, 6 and 7 July the Commission attended in Bonn the second meeting of the group which has been instructed by the Conference of Twenty-One to study the problems of aid to underdeveloped areas (Development Assistance Group). In addition to the nine countries which were present at the first meeting in March (1) the Netherlands took part in the Bonn meeting.

The Group met under the chairmanship of the head of the German delegation. The delegation from the Commission was led by M. Franco Bobba, Director General of Economic and Financial Affairs.

7. At the Councils' session on 19 and 20 July, the Ministers of Foreign Affairs examined the third interim report submitted by the ad hoc committee studying the problems of aid to countries in the course of development. The Ministers expressed approval to the Committee's suggestion of the establishment of a standing group to co-ordinate policy on credit guarantees, financial guarantees and other credits in Member States. This group, which will consist of senior officials with responsibility in their own administrations for the problems referred to above, will start work as early as possible and will act in close collaboration with the representatives of the Commission.

The Community and GATT

8. The Commission took part in the sixteenth session of the Contracting Parties to the General Agreement on Tariffs and Trade, held in Geneva from 16 May to 4 June (2).

As at the previous session, the representative of the Commission furnished information on the activity of the Institutions of the Community and on the decisions taken in various fields since the beginning of the year. He recalled the steps taken by business circles to adapt themselves to the requirements of a wider market, and the action taken in many fields of trade and industry upon which the Community has already made its mark. In concluding his exposé the representative of the Commission gave a commentary upon the Council's decision to speed up the implementation of the Treaty of Rome.

The Contracting Parties in general welcomed the Community's action in providing information on its activities and they took note with satisfaction of the renewed assurances given by the Commission concerning the Community's objectives in the field of commercial policy. Many delegations referred to the dynamism shown by the Six and the remarkable progress they had made on the way to integration.

(1) See Bulletin 3-60, Chapter III, Sec. 4.

(2) See Bulletin 4-60, Chapter II, Sec. 9.

Nevertheless, certain of the Contracting Parties reiterated their apprehensions about the future common agricultural policy and the effects on trade in a number of products that would be exercised by the duties in the common tariff.

9. Two agreements on regional groupings, namely the Stockholm Convention establishing the European Free Trade Association and the Treaty of Montevideo establishing a Free Trade Area in Latin America, were the subject of debates in plenary session and were later studied in working parties on which the Commission of the EEC was represented. The Community reaffirmed the friendly interest with which it follows the various efforts at regional integration and stressed the need for the Contracting Parties to give clear expression to their attitude vis-à-vis programmes of regional integration. It was not possible in the course of this session to complete the study of the international instruments referred to above. The Contracting Parties decided to pursue this work at a later date.

10. The programme for the expansion of international trade, drawn up in 1958, has made progress thanks to the work of three committees, each charged with a clearly defined mission. *Committee I*, which deals with tariffs, had at the previous session defined the arrangements necessary for the tariff conference which will open in Geneva on 1 September 1960 (1). Since the Contracting Parties were of the opinion that this Committee has fulfilled its mission, they entrusted all the problems relating to this conference to the Tariff Negotiations Committee established under the rules of procedure for the negotiations. This Committee is composed of all the countries taking part in the negotiations, plus the EEC Commission. At the previous plenary session it had been agreed that during the Sixteenth Session the Contracting Parties would be allowed to offer their comments on the general incidence of the Community's common tariff and on the extent to which this incidence corresponds to that of the four customs tariffs previously in force. The Contracting Parties have decided to put off this comparison and to settle later which organization should make this analysis and what methods be used. This met the proposals of the Commission, which believes that a study of the incidence of the common tariff could not be undertaken until after the re-negotiation, in accordance with Article XXIV (6) of the General Agreement on Tariffs and Trade, of the tariff headings previously bound in the national tariffs.

Committee II which deals with agricultural problems, has consulted all the Contracting Parties on the subject of their agricultural policies. Although these consultations have not yet ended, the Contracting Parties decided during the session to instruct the Committee to begin a new phase of its work immediately, this new phase to consist of an analysis of the effects of agricultural protectionism on a number of products of importance to international trade. The Committee

(1) See Bulletin 4-60, Chapter II, Sec. 11.

will furthermore set up a small working party to study the possibility of assessing agricultural protection.

The Contracting Parties have also been informed of a new interim report prepared by *Committee III* whose task it is to find suitable means to ensure increased returns for exports from the underdeveloped countries. This report takes into account the very full studies prepared by the Committee on Trade concerning 11 products previously selected for their outstanding importance to the underdeveloped countries. The presentation of the main obstacles to the expansion of trade in these products has enabled the industrialized countries to see the situation more clearly. Some of them have already taken steps to open their markets more fully. The Committee has been instructed to continue its work.

11. The problem of markets being upset as a result of the export activities of low-wage countries was considered once more. As a result of the discussions at the Fifteenth Session, the Executive Secretary of GATT had been instructed to submit a detailed report on the protective measures taken by certain governments in order to prevent large scale imports of manufactured goods from such countries. During the examination of this report, the Contracting Parties agreed in general that an effort would have to be made to find solutions acceptable both to the importing and to the exporting countries and that such solutions would have to be sought within the multilateral contacts which the GATT allows. They decided to set up a working party for the purpose of studying the problems outlined in this report and suggesting, at the Seventeenth Session, solutions likely to be accepted on a multilateral basis. The working party, which will meet in September, contains amongst others four Member States of the Community and the Commission.

12. On the proposal of a special working party instructed to examine the working methods and the structure of the organization of the Contracting Parties, it was decided to set up a council composed of countries prepared to accept the responsibilities involved in membership of the council and to participate effectively in its work. The main purpose of this council, which will meet for about one week every other month (except during plenary sessions) or at any time at ten days' notice, is to enable the Contracting Parties to give urgent matters the immediate attention which they require. The council will provisionally consist of twenty-nine Contracting Parties, including the Member States of the EEC and EFTA. The European Commission will participate in the work of the council.

The Commission welcomes the decision taken by the Contracting Parties, as it is convinced that the establishment of this new body will enable the Contracting Parties to maintain continuity in their work and to discharge efficiently the increasingly important responsibilities which they have to bear in the field of world trade.

Liberalization vis-à-vis the dollar area

13. The Government of the Italian Republic informed the Commission, in accordance with Article 111 (5) of the Treaty of Rome, that it had, with effect from 1 June 1960, introduced further import liberalization measures vis-à-vis countries in the dollar area.

The new Italian measures extend to 1,179 tariff headings (incl. 69 of an agricultural nature) and considerably reduce the discrimination between OEEC and dollar liberalization.

The Government of the French Republic informed the Commission under Article 111 (5) of the Treaty of Rome, that it had, with effect from 26 June 1960, taken new import liberalization measures vis-à-vis countries of the OEEC and the dollar area.

The following are the main products affected :

- | | |
|-----------------------------|--------------------------------|
| — various chemical products | — Diesel engines |
| — printed silks | — vacuum cleaners |
| — crystal ware | — machine tools |
| — cast-iron couplings | — various scientific equipment |
| — pumps and compressors. | |

The Government of the Federal Republic of Germany informed the Commission, in accordance with Article 111 (5) of the Treaty of Rome, of further measures of liberalization to take effect from 1 July 1960. In the main these affect items already liberalized in trade with OEEC countries, and for which liberalization is now extended to all non-member countries (except those of the Eastern bloc).

The items liberalized are :

- | | |
|---------------------|-------------------|
| — various seeds | — crude aluminium |
| — various chemicals | — buttons |
| — synthetic rubber. | |

As a result of these measures the incidence of liberalization in the Member States vis-à-vis the OEEC and the dollar area is as follows :

	OEEC	Dollar area
	—	—
Federal Republic of Germany	92.5%	88.9%
Benelux	97.0%	94.0%
France	92.2%	92.1 %
Italy	98.4%	93.0%

Commercial policy

14. At its meeting on 19 and 20 July the Council decided, on a proposal from the Commission based on Article 111 of the Treaty, that the Member States shall insert in any bilateral trade agreements made with non-member states the following clause :

“ When obligations which arise from the Treaty establishing the EEC and concern the gradual establishment of a common commercial policy make such action necessary, negotiations shall be undertaken as rapidly as possible with a view to making any requisite changes in this agreement. ”

This procedure is to be applied to all non-member states with which such agreements are made. It applies both to future agreements and to prolongations, renewals or alterations of existing agreements.

This European clause is a first move vis-à-vis non-member states to ensure that a common commercial policy is applied in line with the conditions and particulars contained in the Treaty of Rome.

Relations with non-member countries and non-member organizations

15. The Commission has taken part in the meetings of the Council of the Joint Trade and Inter-European Payments Committee, of the Governing Body of the Productivity Agency of the OEEC, and of a number of working parties of that organization.

In the complex of work relating to the reorganization of the OEEC the Commission, acting in close contact with the Council, has studied the problem connected with the participation of the Community in the future organization, both from the legal and from the institutional points of view; questions arising from the competence of the OECD in the commercial field have also been considered.

At their session of 19 and 20 July the Councils, dealing with the question of the Community's representation in OECD, approved a text proposed in the report of the Four Wise Men :

“ The signatories of the Convention on the Organisation for Economic Co-operation and Development

Have agreed as follows :

1. Representation, in the Organisation for Economic Cooperation and Development, of the European Communities established by the Treaties of Paris and Rome of 18 April 1951 and 25 March 1957, shall be determined in accordance with the institutional provisions of those Treaties.

2. The Commissions of the European Economic Community and of the European Atomic Energy Community as well as the High Authority of the European Coal and Steel Community shall take part in the work of that Organisation.

In witness whereof the undersigned Plenipotentiaries, duly empowered, have appended their signatures to this Protocol.

Done in Paris, this ... day of ..., Nineteen Hundred and Sixty, in the English and French languages, both texts being equally authentic, in a single copy which shall be deposited with the depositary Government by whom certified copies will be communicated to all the Signatories ”.

16. The Commission was represented at the twenty-ninth session of the United Nations Economic and Social Council in New York from 5 to 21 April 1960.

The Commission has taken part in all the work of the fifteenth session of the United Nations Economic Commission for Europe in Geneva (20 April to 6 May 1960) and in the work of its sub-committees.

The Commission of the European Community has negotiated a liaison agreement with the United Nations High Commissioner for Refugees.

Various international organizations, such as the ILO and UNESCO, have taken part in a number of working parties organized by the Commission. M. Petrilli, a Member of the Commission, represented the latter at the forty-fourth session of the International Labour Organization.

17. H. E. Ambassador MacCarthy, head of the Australian mission to the Community, and H. E. Ambassador A. F. Schmidt, head of the Brazilian mission to the Community, handed over their letters of credence to the President of the Commission on 14 June 1960.

H. E. Ambassador G. Raphael having left Brussels, the Government of Israel has appointed H. E. Ambassador A. Najar to be head of the Israel mission to the Community.

18. In the course of June, Members of the Commission of the European Economic Community met senior officials of five countries (United States, Canada, New Zealand, Australia, Argentina); the exports of these countries are largely or even mainly agricultural, and they had expressed the desire to discuss with the Commission and the Governments of the Member States the proposed agricultural policy of the Community.

The representatives of the Commission availed themselves of the opportunity to explain the procedure by which the Community's agricultural policy could be put into practice.

Initially, the discussion had been planned with only four countries, all members of GATT. In view of the similarity between the agricultural production of Argentina and that of these four countries, the Argentine Government desired to be included. The Commission, for its part, considered this wish legitimate, since it falls within the terms of reference of the memoranda and letters exchanged since 1958 between the countries of Latin America and the Community.

Official visits

19. M. Arturo Frondizi, President of the Argentine Republic, was received in Brussels by the Commission of the European Economic Community on 26 June 1960.

The problems of interest to both sides, especially the economic relations between the European Economic Community and Argentina, were discussed in detail and with great frankness.

President Frondizi laid special emphasis on the political importance of problems connected with economic development; he gave an exposé of the situation in Latin America and in his own country. He pointed out that if the present efforts to promote the economic development of his country were to succeed, the exports of agricultural produce to the countries of the Community must be maintained at a high level. He drew attention to the importance of keeping the interests of his country and of Latin America in general in mind when working out the Community's external economic relations and in particular its agricultural policy.

President Frondizi furthermore explained that the economic expansion of the countries of the EEC and of Europe in general would not be helped by a policy which led, through some of its effects, to a restriction of imports of raw materials and agricultural produce from other areas and in particular from Latin America.

President Hallstein and the Members of the Commission present welcomed the atmosphere of frankness in which the discussion had taken place and which in their eyes was proof of the close links connecting the new world and the old through a common cultural heritage and the community of political and economic interests. They explained to their guest the structure and the problems of the EEC and in particular the guiding ideas behind its commercial, agricultural and development policies. They pointed out that in establishing these ideas the interests of non-member states were being constantly borne in mind. That being so, the problems of Argentina and the other Latin American states would be studied with the greatest attention in the interest of both sides.

On 20 June, during the official visit to Brussels made by M. Ben Gurion, Prime Minister of Israel, President Hallstein had a conversation with the Israeli statesman.

ECONOMIC AND FINANCIAL AFFAIRS

Note on economic trends

20. The economic situation in the Community and in each of the Member States is the subject every three months of a detailed study prepared by the Commission's staff (1). The second quarterly report for 1960 on "The economic situation in the Community and the further outlook" was published on 30 June. The Commission notes that expansion is continuing in all Member States, thanks in the main to the steady growth of exports and of fixed investment by enterprises.

Sales by the Community to non-member countries rose in the first quarter of 1960 by 30% in value over those of the first quarter of 1959. While public investment played a less lively part than in the previous year, fixed investment by enterprises recorded new advances, as shown by the orders booked for capital goods and permits for industrial and commercial building.

The growth of private consumption on the other hand was relatively small, and retail traders evinced some caution in giving fresh orders. Despite this relative weakness in the demand for established consumer goods and the continued sluggishness found in coalmining and shipbuilding, industrial output showed a considerable increase over the corresponding period in 1959. Though there was again an advance of 12% in the second quarter, increasing difficulties were sometimes encountered, owing in part to the gradual exhaustion of growth reserves. In the Federal Republic of Germany, existing and recently installed production capacity is not even being fully utilized, one reason being the increasing tightness of the labour market.

The lack of balance between the availabilities and the consumption of certain industrial products has so far been reflected largely in lengthening delivery dates; the increases in price to which this has led have been offset by the fairly pronounced drop in the prices of foodstuffs. The stability of the general price level has also been helped by the increased imports from member countries, which have been more widely spread over the various categories of products. Not only has the advance in trade between Community countries continued — in the first quarter of 1960 it was 37% above the first quarter of 1959 — but imports from non-member countries have increased much more rapidly than in the previous year, owing in large part to the expanded demand for supplies of raw materials.

The seasonal deterioration in the Community's trade balance has as a result been sharper than last year. On the other hand there has been a surplus in the current balance of payments of all Member States, and this has led to a further increase in the gold and currency reserves held by the official monetary institutions. As the money and capital markets of the various Member States have benefited from

(1) Not available in English.

this external liquidity, the tendency for short term credits to rise has not caused difficulties on the money market.

In this quarterly review the Commission expressed the opinion that the expansion of the various factors of demand would probably continue in the months ahead. The exports of the Community to non-member countries would continue to benefit from the boom in the industrialized countries and from the increased purchasing power of the countries in the course of development. The encouraging outlook for the future of overall demand, the coming speed-up of the Common Market and the increasing shortage of manpower in certain sectors will produce even greater advances in fixed investment in all member countries. In addition, traders may find it advisable to be less cautious in placing orders, owing to the increases in private consumption which ought, in the next few months, to result from the appreciable rise in the real income of individuals.

The growth in industrial output, which has already been slowing down slightly from month to month, will still suffer during the second half of the year from the exhaustion of production capacity and of manpower reserves in some countries, such as the Federal Republic of Germany and the Netherlands, and in some sectors, such as the metal-working industry, where demand is experiencing an exceptionally sharp increase.

The gap between availabilities and consumption may therefore widen in the second half of the year. The maintenance of stable prices would be greatly helped by a more rapid increase in imports which would lead, in those Member States where the overall gap is most pronounced, to a deterioration in the current balance of payments; in view of the surpluses at present being shown by these balances, however, this would be not only acceptable but desirable.

When these surpluses continue, they in fact reduce the rate of expansion that could be realized throughout the Community without causing inflation, since certain countries will endeavour to meet the difficulties facing them by taking steps to slow down the growth of internal demand. Both in the field of movement of workers and in the sphere of trade, it will be necessary to seize every opportunity for expanding supply offered by the provisions of the Treaty of Rome or otherwise.

Policy on economic trends

21. The Committee of Experts on economic trends held its quarterly meeting on 15 June 1960. The meeting was devoted to an examination of economic developments in the Community.

The Committee also noted a plan for the graphic presentation of certain results obtained in various Community countries from enquiries concerning economic trends put to the heads of industrial enterprises. It decided to set up a special working party to go into the particulars of this plan and to consider the possibility

of including the results in the next quarterly report on the economic situation in the Community.

22. The Committee on policy relating to economic trends held its second meeting on 17 June 1960 under the chairmanship of M. Müller-Armack, Under-Secretary of State in the Ministry of Economic Affairs of the Federal Republic of Germany. The High Authority of the ECSC, which will in future take part in the work of the Committee, was represented by M. Finet, a Member of the High Authority.

The Committee decided unanimously to appoint the following Vice-Chairmen :

M. Carli, Director-General of the Bank of Italy,

M. Perouse, Directeur du Trésor at the French Ministry of Finance,

M. Mertens de Wilmars, Head of the Belgian Prime Minister's office for economic co-ordination.

The Committee noted the resolution recently adopted by the European Parliament on the co-ordination of policies relating to economic trends, a resolution which conveys parliamentary encouragement for the work of the Committee.

Basing itself on a working document prepared by the Commission's staff, the Committee examined the appropriate measures of economic policy in the Community and in each Member State in the light of current economic developments. The discussions took place in a spirit of great frankness.

The Committee noted the report made by the working party for the study of manpower trends and reviewed the proposals on the subject which the Commission could submit to the Council.

After these recommendations had been put forward by the Commission, the Council agreed at its session of 19 and 20 July that the governments most immediately concerned (Italy, the Netherlands and the Federal Republic of Germany) and the Commission should establish contact in order to see what practical effect could be given to the recommendations, especially to the programme for vocational training that could be established in connection with the proposals made by the Commission.

The Council will examine these proposals again, with special reference to the human, economic and financial problems involved, when it knows the results of the investigations undertaken by the governments concerned.

Meeting of the Ministers of Finance

23. The Ministers of Finance of the Member States met in Rome on 11 and 12 July; the meeting was attended by M. Marjolin, a Vice-President of the Commission, and M. von der Groeben, a Member of the Commission. Among other things, the Ministers reviewed the economic and financial situation of the Community,

the problems raised by Member States moving from the régime of Article 14 to that of Article 8 of the IMF, the conditions to be attached to loan issues within the Member States made by institutions or organs of the Community (issues made by the European Investment Bank, the High Authority, etc.), the alignment of legislation on taxation and the measures of financial aid to be included in the association agreement with Greece.

Energy policy

24. On 15 June the senior civil servants responsible for petroleum problems in the Member States met in Brussels on the initiative of the Commission. They took note of a draft questionnaire drawn up by the staff of the Commission, covering all questions on the import of crude petroleum and petroleum products from non-member states and also certain questions relating to the expansion of investment in refineries and petrochemicals.

Development policy

25. On 6 and 7 June 1960 the working party on problems of structure and long-term expansion held its tenth meeting in Brussels. The experts examined the data on the basis of which an interim report to the Commission is to be prepared. The discussion was mainly concerned with harmonizing and providing a commentary upon the provisional results obtained so far.

The working party met again on 6 July to study the draft interim report.

The next meeting, at which the report will be finally drawn up, has been fixed for 13 September 1960.

26. On 23 and 24 June 1960 the working party of experts on regional policy met for the fourth time in Brussels.

The working party approved a preliminary report on the major social and economic regions within the European Economic Community, their boundaries, their internal structure and their development problems. The report is shortly to be submitted to the senior civil servants who are responsible for regional policy in their various countries.

The next meetings of the working party will be devoted to a study of the development problems in the various regions. They will be examined sector by sector.

In addition, it has been decided to set up another working party, to deal with regional statistics.

THE INTERNAL MARKET

Elimination of customs duties

27. In accordance with the provisions and the time-table laid down in the Treaty of Rome, a reduction of 10% of the customs duties between the Member States of the European Economic Community took place on 1 July 1960.

This was the second normal reduction; not later than 31 December this year a further reduction of 10% will be made, in accordance with the decisions on the speedier implementation of the Treaty taken by representatives of the Member States, assembled in the Council.

The reduction introduced on the first of July could have been made either across the board or product by product.

The Member States informed the Commission that they would not avail themselves of this product-by-product method for the second reduction of customs duties.

The reduction of customs duties which occurred on 1 July amongst the Member States was therefore an across-the-board reduction and so similar to that of 1 January 1959.

For the second reduction of customs duties special conditions again apply to the Federal Republic of Germany. In reducing customs duties by 25% on 20 August 1957 to meet developments in the economic situation, Germany had already fulfilled over a broad part of the industrial sector its obligations under Article 14 of the Treaty establishing the European Economic Community. The reduction of duties on 1 July therefore applied only to the agricultural sector and to those industrial headings in the German customs tariff which had been excluded from the aforesaid reduction of customs duties. In addition, the Federal Republic of Germany under the Protocol concerning mineral oils and certain of their derivatives, which is attached to the Treaty, and under Article 17 (4) of the Treaty, made no reduction in the customs duties on mineral oils and their derivatives. On the other hand, it undertook to suppress these duties entirely vis-à-vis other Member States not later than 31 December 1963.

By the decision of 12 May, Member States also have the right, each in its own sphere, to extend the second reduction to non-member countries, subject to reciprocity from these states and provided that the reduced duty does not fall below the duty fixed by the common external tariff in conformity with the Treaty.

Elimination of quantitative restrictions — national monopolies of a commercial character

28. The Commission has continued its endeavours to solve the problems which the broadening of trade raises for certain products which in one or several Member

States are subject to monopolies of a commercial character. Particular attention has been paid to manufactured tobacco goods. Considerable progress has recently been registered with regard to the Italian tobacco monopoly; tobacco products from Germany and the Benelux countries are being sold to an increasing extent in Italy. A further stage in the development of the monopoly question has been cleared thanks to the French monopoly having concluded contracts with industrialists of other countries to the effect that from 1 July onwards Community products may be sold in France.

The common external tariff

29. In submitting the common customs tariff to the Council for approval on 13 May 1960, the Commission had pointed out that a number of questions remained to be settled before this tariff could be regarded as complete (1). This referred to the following problems :

- Products on List G;
- Customs duties of a fiscal character;
- Specific duties and mixed duties (ad valorem duties with a specific minimum charge);
- The adjustment of certain duties necessary to establish the internal harmony of the tariff;
- Special newsprint problems connected with the definition of this term.

Of these problems, those concerning List G have, with the exception of headings 27.10, 27.11, 27.12 and 27.13 B (petroleum products), been the subject of agreements between Member States signed in Rome on 2 March 1960 (2). Since then the Commission, working together with the government experts, has drawn up proposals for the other unresolved questions except for manufactured tobacco and newsprint. The Commission has submitted these proposals to the Council for approval.

The customs duties of a fiscal nature concern coffee (heading 09-01), tea (09-02), maté (09-03), the spices listed under certain headings in Chapter 9, the beverages under tariff positions 22-06 (vermouth etc.) and 22-07 (cider etc.).

The specific or mixed duties apply to certain vegetables of Chapter 7 and fruit of Chapter 8 and also to a series of ceramic products, glass and glassware, namely :

a) ceramic products : Bricks and other refractory goods (numbers 69-01 and 69-02), tableware and various other articles in faience or porcelain (69-10 to 69-13);

(1) See Bulletin 2-60, Chapter III, Secs, 28 et seq.

(2) See Bulletin 3-60, Chapter III, Secs. 21 and 22.

b) *glass and glassware* : Cast or rolled glass, unworked, and drawn or blown glass, surface ground or polished but not further worked (numbers 70-04, 70-05 and 70-06); paving blocks, bricks and other articles of pressed or moulded glass (number 70-16).

The adjustment of certain duties considered necessary to establish the internal harmony of the tariff, an operation commonly called "harmonization", affects the sugars of heading 17-02, and the molasses of heading 17-03, vinegar (22-10), phosphorus sulphides (28-15a), chemically pure sugars other than sucrose (29-43), and the medicaments prepared for retail sale shown in heading 30-03 B II, building sheets and board of reconstituted wood or fibre (44-18 and 48-09) and the common semis found under the headings 76-02, 76-03, 76-04, 77-02 A, 26-03 B, 81-04 D II — G II — IJ II.

The duty on transmission gear, covered by heading 84-63 but excluding such of these items as are used for automobiles, also remains to be fixed.

30. At the meeting on 19 and 20 July the Council took its decision on the proposals put forward by the Commission. The rates which were fixed will be published for information in the official gazette of the European Communities.

31. At the request of the Federal Republic of Germany, which wanted the 30% ad valorem duty on tobacco that was to be included in List F to be replaced by a specific duty of 43 units of account per 100 kgs. net, the Commission sent a communication to the Council at the beginning of July. In this the Commission suggests that the proposed duty on raw tobacco in the common external tariff be amended as follows :

— Duty of 30% ad valorem with a maximum specific charge of 40 units of account and minimum charge of 30 units of account per 100 kgs. net.

At its meeting of 19 and 20 July the Council discussed at length the proposals put forward by the Commission. It will return to them again in September.

Speedier implementation of the Treaty : first approximation to the common external tariff

32. The decision on the speedier implementation of the Treaty taken by the representatives of the Member States meeting in the Council on 12 May lays down *inter alia* the general provisions to be observed with regard to the first approximation of the national tariffs to the common customs tariff, due to take place by 31 December 1960 at the latest.

These provisions must of course be uniformly applied by the Member States. The Commission and the government experts will devise a uniform method for carrying out this alignment, taking into account the principles laid down in the decision.

Customs system for goods processed in the Community

33. On 28 June the Commission took a new decision concerning trade between the Member States in goods processed under a system of suspended duties or drawback on duties (finishing trade). This decision, which came into effect on 1 July 1960, was published in the official gazette of the Communities of 14 July 1960 and replaces the decision taken by the Commission on 16 December 1958, which expired on 30 June 1960. This decision lays down that from the date of the entry into force of the acceleration in the customs field a customs duty will be applied in respect of the value of goods imported from non-member countries for processing in one member country and later sale in another. The rate of this levy will be 25% of the common customs tariff for these products until 31 December 1961. It will be collected in the country in which the processing takes place and upon it will depend the issue of a free customs circulation certificate ("DD 1").

Abolition of restrictions on the free supply of services

34. The Commission has given its final approval to the draft general programme drawn up in accordance with Article 63 of the Treaty of Rome for the abolition of the restrictions on the free supply of services within the Community.

The Commission's proposal is shortly to be forwarded to the Council, which will issue the general programme before the end of the first stage of the transition period but after consultation with the Economic and Social Committee and the European Parliament.

The programme lays down the general conditions and a time-table for liberalization in respect of each group of services.

COMPETITION

On the invitation of the Commission, the seventh conference on understandings was held on 16 and 17 March 1960 and on 17 March there was the first meeting of experts and responsible government officials from the Member States, at which there was discussion of specific understandings. The conference on understandings served in particular to analyze the results of a meeting held on 18 February 1960 by a working party on the problem of documentation in connection with Article 85 and included a discussion of the reports submitted by the various delegations on the subject of the procedure to be followed in eliminating obstacles to competition and abuse of dominant positions on the market.

36. The government experts from the Member States on the subject of understandings met on 11 May 1960 as a working party attached to the Commission and examined the question of an investigation of the structure of competition in certain branches of industry.

37. The Commission was represented on the international conference on cartel legislation which took place in Frankfurt from 7 to 11 June 1960 under the auspices of the Institute for Foreign and International Economic Law of the University of Frankfurt/Main. The conference dealt with four groups of problems: restrictions on competition in the European Communities, the position of cartel legislation in relation to the concentration of enterprises, the problems of international law on cartels and the instruments and limitations of administrative law in the field of understandings. These problems were studied by four working parties; working party No. I was presided over by the Director General in the EEC Commission with responsibility for matters concerning competition.

M. von der Groeben, a Member of the Commission, addressed the plenary meeting of the conference on the subject of the European Economic Community's cartel legislation in the light of the experience gained in the past two years. President Hallstein, who was present at the closing session, declared that the rules on competition contained in the EEC Treaty reflected the liberal economic concept of the Common Market and that the general spirit underlying the Treaty appeared more clearly in this field than in any other.

38. Investigations into specific cases brought to the knowledge of the Commission have continued. In five cases enquiries have been instituted under Article 89 in co-operation with the authorities of the Member States.

Standard convention on reciprocal execution of judicial decisions

39. Governmental experts from the Member States met in Brussels on 11, 12 and 13 July 1960, at the invitation of the European Economic Community, in order to look into the chances of settling the problems of executing judicial decisions within the Common Market by means of a standard convention on the reciprocal recognition and execution of judicial decisions and other arbitral awards in civil and commercial matters.

During the meetings, which were of an exploratory character and were presided over by Professor Bülow (Germany), it proved possible to pin-point the most important questions arising in this field.

As, however, it was not possible to clear up certain specially difficult points which called for thorough investigation of legislation in the various countries, the delegations agreed to keep each other informed so that the discussions could proceed. Representatives of the Hague Conference on Private International Law and of the Benelux Committee on unification of legislation attended the meetings as observers.

Fiscal problems

40. At the Council meeting of 20 and 21 June the representatives of the Governments of Member States, assembled in the Council, approved the Commission's proposals for dealing with difficulties in applying Articles 95, 96 and 97 of the Treaty, which deal with drawbacks in respect of exports and compensatory charges in respect of imports (1). In view of the psychological and economic results which may be caused by changes in the compensatory charges and in the rates of drawback, the Commission put forward proposals for the adoption of rules calculated to make it easier to apply these articles in a Community spirit. Member States agreed that in principle they would not change existing rates without first giving reasons for the changes proposed. It has been accepted that changes in these rates may be made only for technical tax reasons and not for purposes connected with economic, commercial and monetary policy. When a Member State intends to make changes in the rates, the draft amendments will be submitted to the Commission at least two months before they are promulgated. A simple, rapid procedure will be worked out to enable the Commission and the other Member States to examine the reasons put forward.

Finally, it was agreed to speed up work already in hand by which a common method would be fixed for calculating drawback and compensatory charges; one advantage of this would be the simplification of supervision, which is at present difficult because of the differences in the methods used.

State aids

41. In a letter addressed to the Member States the Commission has defined the methods best suited for a thorough study of specific measures of aid as well as of general aid systems.

At a multilateral meeting held on 28 and 29 June 1960 a study was made, in collaboration with the government experts, of the tables summarizing the replies concerning export aids already received from Member States by the Commission. In order to complete and clarify these enquiries, the Governments concerned will furnish the Commission with supplementary information. On the basis of the revised tables the experts will at a subsequent meeting submit their views on the classification of aids as well as on the programme of work and the method for the detailed examination of such aids against the background of the Treaty provisions.

42. The investigation of certain specific types of aid were continued or undertaken, especially those affecting shipbuilding, the cinematographic industry, motor cars and agricultural machinery.

43. Following an exchange of letters with the Commission, the German Government decided to abolish the aid given by the Synthetic Rubber Equalization Fund to the German industry concerned.

The Commission also studied two aid projects brought to its notice by the French Government under the provisions of Article 93 (3), and informed the Member States of its views on both cases. These concern a bonus for the paper pulp industry and a draft decree to amend the conditions for the special equipment bonus in certain conversion areas.

44. The Commission has begun preparatory work for the application of the provisions contained in Article 42 (rules of competition in the agricultural field). When proposals have been worked out they will be submitted for approval by the Council, together with other work being done to execute the provisions of Articles 40 and 43 on the definition of a common agricultural policy.

SOCIAL AFFAIRS

Free movement of workers within the Community

45. The Commission has made its first proposals concerning the free movement of workers (Articles 48 and 49 of the Treaty). It has submitted these proposals to the Council with the request that not only the Economic and Social Committee be consulted on its plan — as required by the Treaty — but the European Parliament also.

The proposals of the Commission are for a first outline of a Community-wide system of establishing contact and of linking those offering work and those seeking it. They also aim at giving a certain priority to the Community labour market.

46. At its sessions of 19 and 20 July, the Council agreed to seek the opinions of the European Parliament and of the Economic and Social Committee on the Commission's proposals concerning the free movement of workers. It will examine the proposals when it has received these opinions.

Employment and manpower problems

47. The Commission has laid before the Council the report prepared by a working party on the manpower problems raised by economic developments in the Community (1), as well as the suggestions for recommendations which the Council should address to the Governments of Italy, the Netherlands and the Federal Republic of Germany. The Committee on policy relating to economic trends,

(1) See Bulletin 4-60, Chapter II, Sec. 50.

whose opinion the Commission had requested, expressed itself in favour of these proposals.

The Commission requested that its communication to the Council be placed on the agenda of the latter's session on 19 and 20 July.

Social security

48. The EEC's Administrative Committee for the Social Security of Migrant Workers held its 15th session on 26 and 27 April 1960.

The following problems were considered :

- Examination of the draft of the first annual report on the implementation of Regulations Nos. 3 and 4 of the Council of the EEC concerning the social security of migrant workers (for the period of 19 December 1958 to 31 December 1959).
- The conditions under which medical care is provided where a worker resides temporarily in a Member State other than that in which the competent institution is located.

49. The 16th session of the Administrative Committee, which took place on 19 and 20 May 1960, was devoted mainly to unofficial consultations on the guiding principles to be observed in the preparation of draft regulations on the social security of frontier and seasonal workers; at the request of and in co-operation with the Commission of the EEC, the technical aspects of these regulations will be taken care of by the ILO.

Article 4 (7) of Regulation No. 3 on the social security of migrant workers provides that the regulations to be issued subsequently shall lay down special provisions for frontier workers and seasonal workers to define the social security rights of these two categories.

The Administrative Committee further adopted the following two decisions :

- An interpretation of the provisions of Article 17 (1) of Regulation No. 3 under which sickness benefits are made subject to the condition that the migrant worker was fit for work when he entered the territory of the state where his new job was located;
- The proof of fitness for work in the case referred to above.

50. On the invitation of the High Authority of the ECSC, the Administrative Committee held its 17th session in Luxembourg from 22 to 24 June 1960.

It dealt mainly with the following problems :

- The interpretation of certain provisions in Regulations Nos. 3 and 4 relating to the provisions in the legislation of Member States for reduction or suspension

of benefits where there is overlapping with other social insurance benefits or other income or during a period of employment;

— The amount of family allowances in certain particular cases.

51. The experts instructed by the Commission to prepare a study on “ The main features of social security in the Community countries at the beginning of the Common Market ” made a preliminary study of their draft on 13 and 14 June 1960.

Industrial safety and hygiene

52. The experts instructed by the Commission to prepare a study on “ Industrial safety and hygiene in the Community countries at the beginning of the Common Market — the present situation and existing regulations ” held a working meeting on 6 and 7 April 1960.

Labour problems

53. On 31 May a score of experts from the Member States considered the organization of the “ Conference on the economic and social consequences of rationalization and new labour techniques ” which will be held in Brussels on the suggestion of the Executives of the three European Communities.

The following points were discussed :

- The aims of the conference;
- The problems to be discussed (selection of a limited number of key problems);
- The exact definition of subjects;
- Working parties to be set up by the conference;
- The most suitable time for the conference, and so on.

Study meetings with employers' and workers' organizations

54. The Commission has organized study meetings with trade union and employers, organizations in the Member States.

The first series of talks has recently ended. It included meetings in Paris with the C.G.T. - Force Ouvrière, the Confédération française des travailleurs chrétiens, and the Confédération générale des cadres and also with the Conseil national du patronat français. These meetings took place between 14 March and 11 June 1960.

At each of these meetings, M. Petrilli, a Member of the Commission, presented an exposé of European social problems.

This exposé and the more detailed statements submitted by senior officials of the Commission led to a broad discussion among the participants and enabled the Commission to explain its work in the social field and to learn the views of leading personalities in the workers' and employers' associations.

Exchange of young workers

55. On 28, 29 and 30 June the Commission called a meeting of experts from the Member States to examine how, within the common programme stipulated in Article 50 of the Treaty of Rome, the exchange of young workers could be put into practice in such a way that above all their vocational proficiency would be increased.

The meeting was attended by experts from the six national administrations, representatives of the leading organizations concerned, such as the ILO, the ECSC, the Council of Europe and the OEEC, representatives of the European employers' and workers' organizations and experts representing the associations which are more directly active in this field in the various countries.

On the basis of a draft worked out by the services concerned, the participants agreed on the general line of the proposed common programme. This agreement will help the Commission in submitting concrete proposals to the Member States for implementing the programme.

THE COMMON AGRICULTURAL POLICY

56. In their decision of 12 May 1960 on speedier attainment of the aims of the Treaty, the Representatives of the Governments of Member States, assembled in the Council, had fixed 30 June as the date for the Commission to deposit its final proposals on the preparation and implementation of the common agricultural policy (1).

According to the time-table laid down in this decision, the Council will hold a first general discussion of the proposals before 31 July. Immediately after, it will set up an ad hoc committee to prepare its decisions on the common agricultural policy. This committee will submit a first report to the Council by 15 October 1960.

57. On 30 June the Commission passed its final proposals to the Council. In working out these proposals it had given due weight to the opinion adopted by the Economic and Social Committee on 6 May 1960 and the debates held in the European Parliament. (On 30 June 1960 the Economic and Social Committee adopted a complementary opinion concerning the individual problems affecting the various products.)

(1) A survey of the original proposals, which were submitted to the Council on 7 November 1959, was published in Bulletin 5-59, Chapter I.

In its final proposals the Commission has again outlined the common policy which will have to be applied after the transition period. In addition, it has worked out very concrete measures for the transition period and has also paid close attention to social policy in the agricultural field.

58. After careful reflection, the Commission has again come to the conclusion that for most products the transition period should not normally extend beyond 30 June 1967. This period is considered sufficient for applying measures which would lead up to the stage of the common market, always supposing that the other economic and social sectors in the Community — as far as they exert an influence on agricultural products and outlets — make satisfactory progress towards attaining the aims of the Treaty. If the Commission finds that the progress made in the other economic and social sectors is insufficient, it will propose to the Council that the preparatory stage of the common agricultural policy be prolonged.

Exceptions to the length of this transition period are made for beef and veal and for wine.

For beef and veal, the Commission proposes that the transition period should end on 1 January 1964.

Because of the peculiar conditions that affect wine, 1 January 1970 is proposed as the end of the transition period for this item.

59. For trade between Member States, the Commission proposes a system of levies during the transition period wherever this system is to be used for trade with non-member countries in the final stage. This system of levies is closely linked with the system of alignment of prices. The levies are to replace customs duties and quotas, and the system of minimum prices will no longer be used.

The single market stage

External arrangements

60. In connection with the common policy subsequent to the transition period, the Commission has made two important changes to its earlier proposals:

- a) In connection with the import policy for cereals, sugar and dairy products, and
- b) In connection with the strengthening of support measures for these products on the internal European market.

As in its earlier proposals, the protection of the internal European market is still based on a system of import levies, and import certificates may in special circumstances be used to halt further imports. Under the earlier proposals, import certificates were to be issued as part of a supply plan which would be drawn up

each year. Under the final proposals, all requests for authority to import would be approved. Only if the level of prices on the European market were threatened by excessive imports would the issue of import authorizations be suspended.

On the other hand, under the earlier proposals the marketing organizations could make support purchases during the period immediately preceding the harvest at a price 5 to 10% below the target price (for wheat, as an exception at the end of the harvest year, at the ruling target price). The Commission now proposes that these products could be offered throughout the year to the marketing organizations at an intervention price to be fixed; this price would be 5 to 7% below the target price.

Commodity Offices

61. Contrary to its earlier proposals, the Commission now proposes the establishment of a European Office for beef and veal, pigmeat, poultry and eggs. Previously such Offices were suggested only for wheat, coarse grains, dairy products and sugar. Under the final proposals consultative committees, consisting of representatives of the organizations concerned, would be established for all products, thus enabling the Commission to obtain regular information on their views.

Social policy and transport policy

62. The Commission has paid particular attention to social policy in agriculture and to the relationship between agricultural policy and transport policy.

Before the end of 1960 there will be a conference on the social aspects of agricultural policy. After this conference the Commission will decide on final proposals to be submitted to the Council.

A common policy for transport is considered to be necessary, especially in order to obtain uniformity in the conditions of competition, and this also has repercussions on agriculture.

Annual reports

63. In order to be able to follow the effects produced on the general situation in agriculture by the common agricultural policy and to be on firm ground in its application of this policy, the Commission will draw up an annual report on the agricultural situation in the Community. This report will deal in particular with the trends of productivity, production prices and means of production.

The Commission also intends to produce every year a table of short-term forecasts for the market in agricultural products, covering production and imports as well as consumption, processing and exports. An endeavour will be made to give

some indication of future price policy. On the basis of this table and of the annual report it will be possible to adapt current policy on production and market organization.

Preparatory stage

64. For the transition period the Commission has put forward concrete proposals on :

- a) Alignment of prices,
- b) Market organization,
- c) Trade within the Community,
- d) Trade with non-member countries,
- e) The co-ordination of commercial policy,
- f) Harmonization of legislation.

Alignment of prices

65. For the crop year 1961/1962 the Commission proposes the following increases and decreases :

For *wheat* : Luxembourg — DM 1.50 ; Italy — DM 1.— ; Germany — DM 1.; Netherlands + DM 0.50; France + DM 1. per 100 kg;

For *jodder barley* : France + DM 1.—; Germany — DM 1. per 100 kg;

For *maize* : France — DM 1.—; Italy + DM 1. per 100 kg;

For *sugar* : Germany — DM 2.—; Italy —DM 2.—; France + DM 0.50; Netherlands + DM 1. per 100 kg.

When it takes its decisions on increases and decreases in prices, the Council will have at the same time to rule on the principle which will govern alignment of prices in subsequent crop years. Each year the Commission will make fresh proposals to the Council, which will lay down the degree of alignment to be attained. In the years 1964/1965 and 1966/1967 alignment of prices will be completed.

66. *Dairy produce.* For the alignment of prices of dairy produce the Commission has suggested a minimum table which means that in the crop year 1 October 1963 to 1 October 1964 there can for the first time be a common target price for the production of milk. Here too, the Commission will each year submit proposals on the alignment of prices for dairy produce.

67. For *pigmeat, beef and veal, eggs, poultry, vegetables, fruit and wine* the Commission has not put forward proposals on the alignment of prices. It considers that this alignment will be brought about automatically by the application of its proposals for the abolition of all measures hampering trade at the internal frontiers and by the gradual working out of the common commercial policy towards non-member states.

Market organization

68. In connection with a market organization for the various products, the Commission has worked out the following plans :

For wheat, coarse grains and sugar :

In 1961 the Commission will work out a statute for the European Offices. Attention will be paid to the integration of national market organizations in these joint Offices, and the Consultative Committees will start work during the same year. Before 1 January 1963 the Commission will submit to the Council a proposal on the European Funds which are to come into play on 1 July 1963. The Committee of Directors will be established before 1 January 1961.

For meat, eggs and poultry :

The dates put forward for these products are approximately the same as for wheat, coarse grains and sugar.

Vegetables and fruit :

The Consultative Committee will start work on 1 March 1961. The information services required to issue reviews of the market in the various countries will be co-ordinated from 1 January 1961. Before 1 July 1961 the Commission will make proposals on "extra" quality products. These standards will apply from 1 January 1962. Before 1 July 1963 the Commission will make proposals on the standards to be applied to produce in categories 1, 2, etc... The standards for the first category will be applied from 1 July 1964, the standards for the other categories from 1 January 1965. Before 1 July 1964 the Commission will make proposals on the establishment of minimum standards for products which are in general not suitable for classification in several categories of quality. These standards will be applied from 1 January 1965.

For wine :

The Committee of Directors and the Consultative Committee will start work on 1 March 1961. Before 1 January 1963 the Commission will send the Council a proposal on the statute of the Wine Stabilization Fund, which is to be brought

into use on 1 July 1963. By 1 July 1961 the Commission will make a proposal for the establishment of a register of vineyards. From 1 July 1962 Member States will be required to send in information on harvests and on the quantities put in store. This will make it possible to draw up an annual report on the market situation.

In order to improve production potential, a common classification of the different varieties of wine will be established. It is intended that before 1 January 1963 a list will be prepared of varieties which it shall be forbidden to plant. The classification is to be completed by 1 January 1965.

Other measures in this connection will be the eradication of the varieties that are forbidden, the supervision of wine nurseries and the delimitation of wine-growing districts.

The rules on the eradication of forbidden varieties will be settled before 1 January 1964 and the operation will be completed by 1 January 1970. Supervision of wine nurseries will be concerned mainly with the varieties grown and with plant health. The rules in this connection are to be settled by 1 January 1963. The wine-growing areas will be delimited at latest by 1 January 1967. No new vineyards are to be allowed outside these areas.

Various measures will also be taken to improve quality. For example, a joint set of rules will be drawn up before 1 January 1963 for the treatment and preparation of wines.

From the wine year 1962/1963 onwards arrangements will be made to ensure that part of the harvest is stockpiled in order to stabilize the wine market. This system of stockpiling can be applied to about 10% of the harvest.

Trade inside the Community

69. For wheat, coarse grains and sugar the Commission suggests that the Member States should take steps to replace customs duties by a system of levies to be applied from 1 January 1962. This system will be based on the differences between the prices paid in the importing country and those paid in the exporting country. In order to encourage trade in these products within the Community, there will be some reduction of rates levied inside the Community. The levies will also be reduced within the Community as the steps taken to obtain alignment lead to reductions in the margin of difference between prices.

For *dairy produce*, Member States will introduce the system of levies not later than 1 January 1962. After this date the level of these levies will be established in close relation to the target price for milk. To encourage internal trade there will be a reduction in the levies.

For *eggs and poultry* it is intended that the system of levies should be introduced on 1 January 1961. The levies will be reduced and eventually abolished as alignment of coarse grain prices inside the Community progresses. In addition to this levy there will be a small import duty which is later to be abolished.

For *pigmeat* the system of levies based on the different price levels for pigmeat in the Community will be introduced during the years 1961 to 1963. From 1 January 1964 these levies will be replaced by charges based on the differences in the cost of feeding, coupled with a customs duty which is also to be gradually eliminated.

For *beef and veal* the Commission considers that trade can be given complete freedom before the beginning of 1964. It suggests a speed-up in the abolition of duties by reducing them by 25% each year, beginning on 1 January 1961.

For *vegetables and fruit* the quotas are to be abolished when the standards for quality come into force (see sec. 68 above, "Market organization"), and it will not be permissible to invoke Article 44 of the Treaty, which regulates the introduction of minimum prices. Before 1 July 1963 the Commission will submit to the Council common rules for competition. Subsidies to traders and producers must be abolished before 1 July 1964.

Wines which are graded will be entirely free. The other categories of wine will come under the trading systems which result from application of the general rules on the subject contained in the Treaty. As for France and Italy, these two countries are to open global quotas of 150,000 hls of named wines with effect from 1960. These quotas can be increased each year as the common market progresses and may be extended to include ordinary table wines.

Trade with non-member countries

70. For wheat, coarse grains, sugar and dairy produce there is to be a system of levies. These levies will be related to the difference between the level of prices in the importing country and prices on the world market. From 1 October 1967 they must be the same in all Community countries.

For eggs and poultry there will be a levy on a sliding scale. It is based on the differences between the prices for coarse grains in the Member States and prices on the world market. A reduced duty will at the same time be levied in order to counterbalance the different conditions of production which do not stem from feeding costs. From 1 January 1961 a minimum import price will also be introduced as a safeguard. These minimum import prices will be applied jointly. As soon as the import price — including levies and duties — falls below the minimum import prices, levies will be increased proportionately.

For pigmeat the same principles will apply as for eggs and poultry, except that up till 1 January 1964 levies will be based on the difference between the price for pigmeat on the markets in each country and the world market price.

For *beef and veal* the common external tariff is to come into force on 1 January 1964 at latest. To make it possible to institute a common market on 1 January 1964, a minimum price will be fixed by the various governments from 1 January 1962 onward; this minimum import price will have to be common from 1 January 1964 onward. Imports of chilled or frozen meat will be subject to a system of import certificates.

For *vegetables and fruit* the common external tariff will have to be applied from 1 January 1967. The standards of quality and packing and the provisions governing competition which are applied to trade within the Community will be equally applicable to imported goods.

For *wines* the common import duty will come into force on 1 January 1970.

Co-ordination of commercial policy

71. On the co-ordination of commercial policy the Commission proposes that from 1961 onward Member States shall :

— Undertake to inform the Commission at an early date of their bilateral and multilateral trading relations with non-member states and to submit and keep up to date information on their external trading arrangements;

— Ensure that any future measures affecting external trade in these agricultural items will not be applied before the Commission and the other Member States have been consulted;

— Take any necessary measures — such as the inclusion of an EEC clause in bilateral agreements and agreements affecting these commodities — to ensure that all obligations relating to the commodities in question shall expire or can be adapted to fit the requirements of the common agricultural policy;

— Undertake not to bind customs duties or other import charges on the above items except after consultation with the Commission and the other Member States.

72. At the Council session of 19 and 20 July there was a general discussion on the new proposals put forward by the Commission. Each of the Ministers in the Council expounded his Government's views on the broad lines of the common agricultural policy as contained in these proposals.

The Council decided to forward these new proposals to the European Parliament for information. It decided on the form of an ad hoc committee which is to prepare its decisions, as agreed at the session held on 12 May 1960 (1).

This committee will consist of highly qualified representatives from the administrations in the various countries. The names of the persons selected will shortly

(1) See Bulletin 4-60, Chapter II, Sec. 1.

be forwarded to the secretariat of the Council by the Governments. The chairman of the committee will be nominated by the Council at its next session.

The committee is to hold its first meeting on 9 September 1960.

Harmonization of laws

73. For all products the Commission proposes that the existing laws of Member States should be harmonized wherever they contain obstacles which hamper the establishment of a common policy.

Policy on the structure of agriculture

74. The Commission proposes to develop a policy on structure in close collaboration with the Governments of Member States. There will also be an Advisory Committee on structural policy. The Commission also considers that it is necessary to co-ordinate the activities of the Fund for the improvement of agricultural structure with those of the Social Fund and of the Investment Bank. The Fund for agricultural structure has been planned in a manner which will make this co-ordination possible.

Further proposals

75. Before 31 December 1960 the Commission will make proposals on the co-ordination of organizations for marketing rice in the various countries. It will also prepare proposals on the establishment of a common policy for fats, fish, tobacco and forestry.

76. As for the Treaty's provisions on competition, the Commission hopes that it will in the near future be able to submit to the Council a draft regulation based on Article 42 of the Treaty.

The harmonization of laws has been the subject of several meetings of government experts called by the Commission to examine certain specific problems in connection with veterinary and plant health legislation and legislation on foodstuffs. The Commission is continuing to seek solutions to the difficulties facing certain processed articles which, though not included in Annex II to the Treaty (list of agricultural products) are directly dependent on basic agricultural products. The Commission intends in the near future to submit proposals on this subject to the Council.

TRANSPORT

77. The Council held its 34th session on 27 June in Brussels under the chairmanship of M. Pierre Grégoire, the Minister of Transport of the Grand Duchy of Luxembourg.

At this session, which was entirely devoted to transport problems, the Council continued the work begun at an earlier session on the regulation to be issued in implementation of Article 79 (3) of the Treaty; it will deal with the abolition of the discriminatory transport rates and conditions referred to in paragraph 1 of the said Article.

At this session the Council completed the discussion of the points which had remained open. An agreement was reached on the problem of the publication of transport rates and conditions, under which this question is to be linked to the measures taken under the common transport policy (Articles 74 and 75 of the Treaty). In case no regulation on the publication of transport rates and conditions has been passed before 1 July 1963, the decisions concerning the character, the form and scope of such publication will be taken under the terms of Article 79 (1 and 2) of the Treaty, due account being taken of the fact that they must fit into the framework of a common transport policy.

The Council has unanimously approved the final wording of the regulation, which is to be published in the official gazette of the Community (1).

Transport infrastructure in the Community

78. No common transport policy is possible without a suitable reorganization of infrastructure within the Community. The Commission has studied this problem in close collaboration with the representatives of the Ministries of Transport and Public Works in the six Member States. Taking into account the conclusions drawn from these meetings, and in order to ensure that each Member State concerned will take its decisions on the various projects of which the overall plan is composed, the Commission on 21 June 1960 adopted general and specific recommendations which single out certain connections of priority interest.

79. These recommendations were addressed to the Governments and in an accompanying exposé the conditions in which the Commission will be able to contribute to carrying out the various parts of the overall plan are set out. The exposé says *inter alia* that the EEC will endeavour to help the States in their efforts to reach the objectives indicated by assisting in the required studies and by encouraging international financing, if necessary through the European Investment Bank, provided the projects submitted fit in with priorities to be laid down in conformity with the credit policy of the EIB.

It is in the light of the overall plan which the Bank has approved that the Commission will formulate its opinions on the projects for which international financing is to be used.

(1) See also this Bulletin, Chapter I.

The plans may be given their final form on suggestions made by the staff of the Commission, which will be required in particular so to co-ordinate the presentation of those items from the various countries which are taken into consideration that they shall have a homogeneity which will present the Commission with the best basis on which to formulate its views.

80. The railway, road and inland waterways networks have all been developed to meet the economic necessities of individual states and under the influence of various factors not concerned with economics. The result has been more or less watertight separation of the national networks, lack of liaison, heterogeneity in the structure of communications on either side of frontiers, shortcomings in the links between the great maritime ports and the industrial areas and concentration of communications on the capitals or certain industrial centres without due regard to a sound regional policy.

The establishment of the new economic entity formed by the Common Market means adapting the networks in a way that will make them continuous, homogeneous and able to do what is required of them. Consideration of the harmonious development of these networks inevitably means bringing regional policy into transport policy. It would be advisable to deal concurrently with infrastructure in the regions which are already industrialized and in those which are insufficiently developed within the Community.

At Community level, it seems that one task for the Commission will be to assist in co-ordinating, synchronizing and adapting the various plans in the different states. The most urgent problem is to co-ordinate the elements of the problems in a way which will produce major Community links. Starting with government plans already drawn up or under study, it may in certain cases be possible to incorporate changes covering both the trace of the lines and their technical characteristics in a manner that relates them to the new requirements of the Common Market. In addition, the timing of the action taken by the various states concerned in implementing the plans for certain connections will need to be synchronized if these are to be exploited rationally with a minimum of delay.

For each of the three forms of transport a network has been selected in which as a start some adaptation would make it possible to establish major Community links. With this idea as a starting point the Commission has endeavoured to establish an overall plan to serve as a framework for the action it will take. As it is not possible to complete at one stroke all the projects which it has been decided to cover, it has been necessary to look for priorities based on such criteria as the economic advantages of the links, their value as elements joining one national network with another, and the amount of progress already made with the studies and work in hand.

81. The plans selected affect mainly :

— Among railways : the linking of electrified networks in the various countries and the electrification of railway lines between major seaports and the main industrial areas of the Community, and also the improvement by any other means of the capacity of certain lines (doubling of tracks and development of certain marshalling yards);

— Roads : creation of major traffic highways of homogeneous character to give the closest contact between the different Member States;

— Inland waterways : improvement of the connections between seaports and their hinterland, completion of links between the main river basins of the Community which would open them up to IWT vessels of the European type and make it possible to use new techniques.

It is for governments to put these schemes through. The Commission is prepared to give all the help it can in the making of studies and by assisting those concerned to conclude agreements; it will support international financing or help from the European Investment Bank.

For the execution of these plans governments are being advised by the Commission to keep to a time-table allowing as far as possible for completion of the work at the end of the transition period. It is also intended that this first plan shall be rounded off by a programme of improvements in the regional infrastructure of transport, mainly related to the needs of the less developed regions of the Community.

The creation of a network of communications at Common Market level is, however, only a first phase of the action to be taken in developing and modernizing transport. The extension of vehicle parks and improved use of available vehicles will later round off the action taken by the Commission in this field.

Further details of the recommendations

Railways

82. International co-operation in Europe within this field goes back to the nineteenth century, which means that this form of transport is ahead of the others from the European angle. The priorities accepted by the Rail Infrastructure Committee include :

1. Electrification of the line Paris-Liège-Cologne.
2. Changing the current used and making improvements to the Genoa-Modane-Chambéry line.
3. Genoa-Marseilles line (changing the current, improvements to the line on the Italian section and electrification of the French section).

4. Electrification of the line of the right bank of the Rhine.
5. Electrification of the line Homburg (Saar) - Ludwigshafen.
6. Electrification of the North-South line of Germany

Hamburg - Hanover - Hanau
Bremerhaven - Gemünden

Roads

83. In this field the Community has benefited from the work done under the auspices of the United Nations Economic Commission for Europe and by the groups of the ECMT (European Conference of Ministers of Transport).

Improvements to the following sections of the major road links are being given priority attention :

- Highway E 1 — section Nice-Savona;
- Highway E 13 — section Turin-Chambéry;
- Highway E 6 — section Rosenheim-Verona;
- Highway E 10 — section Brussels-Paris;
- Highway E 9 — section Luxembourg-Thionville;
- Highway Paris-Luxembourg — section Longwy-Mont St. Martin;
- Highway E 11 — section Nancy-Karlsruhe;
- Highway E 12 — section Metz-Saarbrücken-Mannheim;
- Highway E 10 — section Antwerp-Breda;
- Highway E 39 — section Antwerp-Heerlen-Aachen;
- Highway E 3 — section Antwerp-Eindhoven-Venlo-Oberhausen;
- Highway E 8 — section Amersfoort-Deventer-Oldenzaal-Osnabrück;
- Highway E 35 — section Groningen-Bremen;
- Highway E 9 — tunnel north of Milan;
- Link Nancy-Langres-Changy.

Inland waterways

84. In this sphere the national administrations are as a rule only at the stage of making studies. Consequently it is necessary to recommend a speed-up of these

studies to avoid still greater lack of balance arising between the structure of the railway and highway networks and the network of inland waterways.

The recommendation on inland waterways deal with the following schemes :

- The Rhine-Rhône link;
- Improvement of the Scheldt-Rhine link;
- Rhine-Main-Danube link;
- Improvements to the Meuse axis;
- Meuse-Rhine link;
- The link from the Po (Adriatic) to Lake Maggiore;
- Work concerning the Moselle.

85. In order to be able to apply Article 75 (1) of the Treaty on laying down common rules applicable to international transport, the staff of the Commission has prepared a basic study covering the main problems which arise in this connection.

The Commission has put this study before the Consultative Committee on Transport, asking in particular for its opinion on the points to be given priority in laying down these common rules.

The Committee is to submit its report to the Commission before the end of July.

86. The services of the Commission have prepared a paper on the basis of which consideration can be given to the need and urgency of carrying out studies of the cost of transport in each of the six countries. These studies would deal primarily with the costs of infrastructure and would then be co-ordinated at Community level.

It is planned to set up an ad hoc committee of experts to make a preliminary examination of the question.

87. On 31 May and 1 June the staff of the Commission organized a seminary with the unions of the International Transport Workers Federation (ITF). The unions were represented by 22 members from the six States of the Community. Observers from the ECSC and from the permanent Representatives attached to the Communities were present. The papers submitted by the staff of the Commission dealt mainly with policy governing tariffs, the concepts of "service public" and "Gemeinwirtschaftlichkeit", on the problem of the publication of transport rates and the extension of oil pipelines and their effects on other means of transport. The unions submitted a paper on social harmonization in the transport field.

88. On 10, 11 and 12 May a group of experts met to draw up a standard nomenclature for goods, intended to meet the needs of the transport situation. The

meeting was attended not only by experts from the Member States but by observers from Switzerland and from the international organizations concerned.

The deliberations of the experts led to the provisional adoption of main headings to be included in a joint nomenclature for the three forms of inland transport (rail, inland water and road transport). The delegations undertook to send in their observations for a final editing of the nomenclature.

There was also a preliminary discussion among the experts concerning application of the nomenclature. It became evident that for road transport it was particularly difficult to establish statistics of the tonnages moved by type of goods handled. The experts expressed the hope that the Commission could organize special meetings to study the methods of recording which could be used in this sector.

Finally, the experts discussed the question of the structure of the nomenclature. The main purpose of this discussion was to make a contribution to the work now being done in Geneva at the United Nations Economic Commission for Europe.

A second meeting was held on 22 and 23 June. It was concerned with settling certain questions which had been left open at the first meeting.

DEVELOPMENT OVERSEAS

89. At its session of 20 and 21 June 1960 the Council had an exchange of views with the Commission on legal and political problems facing the Community as a result of the independence won by the overseas countries and territories listed in Annex IV to the Treaty of Rome. It was agreed that when an associated country reaches the state of independence this does not necessarily mean, *ipso facto*, the end of its association with the Community. This can be maintained if the country reaching independence so wishes and if the Community raises no objection.

The participation of the overseas countries and territories in the Common Market cannot, however, continue unless the conditions governing association are adapted to the new political situation. In the short run, or during the lifetime of the Implementing Convention, this adaptation must not mean making changes in the essential content of the commercial and financial elements in the conditions of association. Its purpose should be rather to make it possible to bring in the associated countries when questions of interest to them are being dealt with. A long-term solution can only arise after there has been a discussion at which the points of view of all parties can be presented and compared in such a way that the solution arrived at reflects the joint will of all participants.

90. On 30 June the President of the Commission represented the Commission in Leopoldville at the proclamation of the Republic of the Congo (the former Belgian Congo). While in Africa President Hallstein also visited Brazzaville at the invitation of President Fulbert Youlou. The European Commission was also represented

at Lomé on 27 April 1960, when the Republic of Togoland celebrated its independence.

91. A group of students from the countries of the French Community and the Cameroon visited the Commission of the European Economic Community on 22 and 23 June 1960.

These students are all pupils at the Institut des Hautes Études d'Outre-mer in Paris, where they are spending a period of advanced training or finishing the course of studies of the former "École Nationale de la France d'Outre-mer".

During the two days in Brussels the students attended a series of lecture-discussions which put before them the main problems affecting economic development, investment and industrialization in the associated overseas countries.

92. The staff of the Commission has prepared a study which brings out the part played by Member States and the Community in the various forms, multilateral, regional and bilateral, assumed by technical co-operation throughout the world and details the methods and physical distribution of the effort made.

This study was prepared at the request of the ad hoc Committee for the study of problems of development aid set up last year by the Council.

European Development Fund

93. During July the Commission approved the following social projects :

a) In the Sudanese Republic

Expansion of fishing in the Middle Niger, for a provisional commitment of 151,000 units of account (c. 37 million frs. CFA).

Ownership of the installations will rest with the Sudanese Republic.

In the economic life of the Sudanese Republic river fishing holds a position as important as that of cattle. Most of the output is exported in the form of dried or smoked fish to the coastal states (Ivory Coast and Ghana). The authorities, anxious to make a more rational and profitable use of this important source of wealth, have intervened in various spheres. The project provides for the building of a hydro-biological laboratory at Mopti, of a demonstration centre at Diré and the requisite aquatic equipment, motor transport and scientific installations.

b) In the Federation of Mali

Scheme for the campaign against tuberculosis, for a provisional commitment of 426,000 units of account (c. 105 million frs. CFA).

Ownership of the installations set up will rest with the Federation of Mali.

The project consists of supplying the federal services for the campaign against the main endemic diseases with mobile equipment for tracking down tuberculosis and applying systematic treatment. It includes 14 sets of radiographic equipment mounted on tenders, 7 for the Sudanese Republic and 7 for the Republic of Senegal.

c) In the Republic of Senegal

Construction of a hospital at St. Louis for a provisional commitment of 4,254,000 units of account (c. 1,050 million frs. CFA).

Ownership of the hospital will rest with the Republic of Senegal.

The new hospital, with 627 beds, is to replace the present building, which dates back to the beginning of the 19th century; its age means that the hospital has to bear correspondingly heavy maintenance charges, and it prevents a rational modernization of the service and of the equipment. The construction of the new hospital at St. Louis, which will serve both the town and the whole Senegal river area with some 500,000 inhabitants, will complete the country's network of regional hospitals.

d) In the Republic of Dahomey

The purchase of the necessary equipment to fit out building work being done in connection with public health, for a provisional commitment of 87,000 units of account (c. 21 million frs. CFA).

Ownership of the equipment will rest with the Republic of Dahomey.

The project provides for the supply of all equipment needed for the following three establishments: the school for nurses at Cotonou, the hospital group at Savalou and the hospital group at Athiémé, all of which have received finance from the European Development Fund.

e) In the Islamic Republic of Mauretania

An increase of 1,496,000 units of account (c. 369 million frs. CFA) in the provisional commitment for the school construction programme approved on 25 January 1960, with a commitment at that time of 1,100,000 units of account.

f) In the Republic of Chad

Construction of health centres for a provisional commitment of 1,864,000 units of account (c. 460 million frs. CFA).

Ownership of the centres will rest with the Republic of Chad.

The project constitutes a continuation of the programme accepted by the Fund for payment from the 1958 tranche. The rebuilding of health centres in the project approved earlier affected mainly the central region of Chad, but the work to be

done under this project will be mainly in the southern regions; it covers the building or rebuilding of 65 dispensaries, hospital wards, maternity clinics, etc., in the following areas: Middle Shari, Salamat, Batha, Kanem, Ouaddai, Guera, Fort Lamy, Charibaguirni, Logone, Mayo-Kobbi.

The financing of these six projects, for a total provisional commitment of 8,278,000 units of account, has been undertaken by the European Development Fund, which rests on the contributions made every year by the Member States of the European Economic Community.

94. In addition to the information already given in Bulletin 4-60, it should be noted that in May and June 1960 the following financing conventions were signed:

- Financing convention with the Republic of Niger, for an economic project with a provisional commitment of 4,509,000 units of account (1);
- Financing convention with Netherlands New Guinea, for three social projects with a provisional commitment of 7,418,000 units of account (2);
- Financing convention with the Sudanese Republic, for four social projects with a total provisional commitment of 321,000 units of account (3).

(1) See Bulletin 1-60, Chapter II, Sec. 55.

(2) See Bulletin 1-60, Chapter II, Sec. 65. — Bulletin 2-60, Chapter III, Sec. 58. — Bulletin 3-60, Chapter II, Sec. 63.

(3) See Bulletin 5-59, Chapter II, Sec. 38.

POLITICAL SITUATION OF THE ASSOCIATED OVERSEAS COUNTRIES AND TERRITORIES

1 July 1960

Territories	Form and date of constitution	Date of independence
1) Senegal { Federation 2) Sudan { of Mali (1) 3) Guinea	Republic (24.1.1959) Republic (23.1.1959) Republic (2.10.1958)	{ (1) 2 October 1958
4) Mauritania	Islamic Republic of Mauritania (22.3.1959)	1961
5) Ivory Coast { 6) Dahomey { * Conseil de 7) Niger { l'Entente * (2) 8) Upper Volta {	Republic (4.12.1958) Republic (4.12.1958) Republic (25.2.1959) Republic (11.12.1958)	August 1960 August 1960 August 1960 August 1960
9) Middle Congo	Republic of Congo (28.11.1958)	August 1960
10) Ubangi-Shari	Central African Republic (1.12.1958)	August 1960
11) Chad	Republic (28.11.1958)	August 1960
12) Gaboon	Republic (28.11.1958)	August 1960
13) St. Pierre and Miquelon	Status quo	—
14) Comoro Archipelago	d°	—
15) Madagascar	Republic of Madagascar (29.4.1959)	26 June 1960
16) French Somali Coast	Status quo	—
17) New Caledonia	d°	—
18) French Settlements in Oceania	d°	—
19) Southern and Antarctic Territories	d°	—
20) Togoland	Republic (27.10.1958)	27 April 1960
21) Cameroon	Republic (1.1.1960)	1 January 1960
22) Belgian Congo	Republic	30 June 1960
23) Ruanda Urundi	Status quo	—
24) Italian Somaliland (3)	Republic	1 July 1960
25) Netherlands New Guinea	Status quo	—

(1) The Federation of Mali (combining Senegal and the Sudanese Republic) requested that under Article 78 of the French Constitution the powers reserved to this Constitution should be transferred to the Institutions of the Community. This transfer was made in respect of Senegal and the Sudanese Republic, and powers were then handed back to the Federation of Mali, which thereby obtained international sovereignty. The independence of Mali was proclaimed on 20 June 1960.

(2) Here the procedure was different from that adopted in Mali, the states forming the "Conseil de l'Entente" do not form a political union, so they put forward separate requests for the transfer of powers which enabled them to acquire independence.

(3) Date of union of Somaliland under Italian Trusteeship and British Somaliland : 26 July 1960.

OPERATIONS OF THE EUROPEAN DEVELOPMENT FUND
FOR THE OVERSEAS COUNTRIES AND TERRITORIES

Financing approved — Situation on 30 June 1960

(in thousands of units of account)

Countries and Territories	Projects submitted	Total amount	Payment authorizations 1958 and 1959
Belgian Congo	6	6,554	3,300
Ruanda Urundi	7	1,886	1,886
	13	8,440	5,186
Cameroon	5	4,788	4,788
Central Africa	3	710	710
Comores	1	81	81
Congo	1	457	457
Ivory Coast	4	3,486	3,486
French Somali Coast	1	742	742
Dahomey	4	990	990
Gaboon	3	1,018	1,018
Upper Volta	5	2,290	2,290
Madagascar	12	11,505	8,639
Mauritania	3	1,947	1,947
Niger	2	7,290	5,633
New Caledonia	4	273	273
Polynesia	1	295	295
Senegal	1	4,922	4,922
Sudan	7	603	603
Chad	5	6,203	5,858
Togoland	5	660	660
	67	48,260	42,392
Somaliland (under Italian Trusteeship)	1	1,950	1,125
Netherlands New Guinea	3	7,418	4,267
Total	84	66,068	52,970

ADMINISTRATIVE AFFAIRS

Statute of service

95. At its session of 20 and 21 June 1960 the Council of the European Economic Community, working in conjunction with the Commission, continued its work on the statute for the staff of the Communities, using as its basis the draft statute worked out by the chairman of the Committee of Permanent Representatives in accordance with the terms of reference given them by the Council at its session of 9 and 10 March 1960.

At the end of these deliberations the Council instructed the Committee of Permanent Representatives to complete the working out of certain provisions in the statute before opening the procedure by which the other institutions concerned are to be consulted. The questions of the unit of account in which the schedule of salaries is to be expressed was raised jointly with the question of the unit of account to be used for the budget.

Budget questions

The unit of account

96. At the same meeting the Council of the European Economic Community examined the problem of the currency in which the budgets and the schedule of salaries are to be expressed. It was decided to pass examination of this point to the Committee of Permanent Representatives.

Financial regulation

97. The examination of the draft financial regulation provided for in Article 209 (a and c) of the Treaty, which deals with the establishment and implementation of the budget of the European Economic Community and the responsibility of pay-commissioners and accountants, was postponed by the Council for its next meeting.

Control commission

98. The Council of the European Economic Community appointed M. Eduard Sina, Director of the Federal Audit Office of the Federal Republic of Germany, as a member of the Control Commission to replace the late M. Peter Heck for the remainder of his period of office, i.e. until 31 May 1965.

BRIEF STATISTICAL NOTES

The expansion of imports from non-member countries in 1959

99. The foreign trade statistics for 1959 published below show that for the main items of world trade which come primarily from non-member countries in the

course of development there has been a sometimes considerable increase in imports by the European Economic Community.

The figures given in the table show that there has been no shifting of demand to the disadvantage of sources of supply outside the Common Market. The fluctuations that appear would seem to be due to developments in the business cycle and to the competition exerted by substitutes, regardless of their geographical origin.

EEC — Imports of selected commodities — 1958 and 1959

Commodities (1)	Year	Imports from non-member countries									
		Total		including							
				Latin America		Far East		Middle East		Africa (2)	
		1,000 t	Change in %	1,000 t	Change in %	1,000 t	Change in %	1,000 t	Change in %	1,000 t	Change in %
raw coffee	1958	527.4	.	255.9	.	29.1	.	7.4	.	0.4	.
	1959	579.3	+ 9.9	313.7	+ 22.6	14.5	— 50.2	6.6	— 14.3	14.3	+ 3.475.0
cocoa	1958	254.4	.	39.3	.	0.3	.	.	.	80.9	.
	1959	293.6	+ 15.4	40.0	+ 1.7	0.7	+ 133.0	.	.	140.1	+ 73.2
rice	1958	299.8	.	4.8	.	147.3	.	43.0	.	8.0	.
	1959	400.9	+ 33.6	3.0	— 37.5	216.9	+ 47.2	2.1	— 95.1	7.8	— 2.5
tobacco	1958	177.0	.	25.1	.	14.8	.	.	.	8.8	.
	1959	179.0	+ 1.1	24.8	— 1.6	16.2	+ 9.5	0.2	.	13.1	+ 48.8
wool	1958	495.6	.	39.7	.	9.7	.	1.8	.	49.1	.
	1959	590.4	+ 19.1	76.4	+ 92.6	11.4	+ 17.7	2.8	+ 55.6	55.4	+ 13.0
cotton	1958	1,005.4	.	190.9	.	29.9	.	111.7	.	1.8	.
	1959	1,034.6	+ 2.9	249.1	+ 30.4	30.9	+ 3.3	161.4	+ 44.8	5.1	+ 184.0
lead	1958	163.4	.	34.5	.	0.8	.	.	.	49.7	.
	1959	195.9	+ 19.8	50.9	+ 47.8	0.1	— 87.5	0.0	.	35.2	— 29.2
natural rubber	1958	550.2	.	0.14	.	334.0	.	.	.	1.1	.
	1959	568.3	+ 3.3	0.15	+ 7.2	239.7	— 28.2	.	.	16.7	+ 1,363.0
copper	1958	970.3	.	162.8	.	.	.	0.2	.	115.6	.
	1959	975.8	+ 0.6	191.5	+ 17.6	0.6	.	3.9	+ 1,850.0	133.9	+ 15.9

(1) For bananas total imports increased by 0.4%, for hides and skins by 14.2%; these figures, however, have not yet been broken down by country of origin.

(2) Independent countries only.

Source : Statistical Office of the European Communities.

III. Institutions and Organs

A. THE EUROPEAN PARLIAMENT

The European Parliament met in plenary session in Strasbourg from 27 June to 1 July 1960.

The President of the Parliament, M. Furler, made two statements, one concerning the Institutions and the other on the subject of European elections.

President Furler stated that a delegation from the Parliament had on 20 June met the Representatives of the Governments assembled at Brussels for the session of the Councils of Euratom and the European Economic Community held on that date; the purpose of the delegation was to hear the views of the Representatives of Governments on the Parliament's resolution of 15 January 1960 concerning the European District and the seat of the Parliament.

M. Eugène Schaus, Minister of Foreign Affairs of the Grand Duchy of Luxembourg and President in office of the Council of the European Economic Community, reminded the delegation that the Governments were to take a decision on the seat of the Institutions before March 1962. A unilateral decision by the Parliament on its own seat or a seat for the secretariat could prejudice the principle for a joint seat. President Schaus also stated that on the European District the point of view of the Governments closely resembled the point of view expressed by M. Kopf, a member of the European Parliament.

The statement by President Furler and the text of the declaration made by M. Schaus to the delegation from the European Parliament were passed to the Committee on Political Affairs. After a proposal had been made by this Committee and had been debated, the Parliament adopted the following resolution :

“ The Assembly,

Recalling its resolution of 15 January 1960;

Regretting that the Governments have not accepted proposals made by the Assembly in the resolution referred to above;

Finds that in the circumstances point 9 of the resolution of 15 January 1960 is now applicable and that the Assembly is empowered to fix the place where it will hold its sessions and committee meetings and where it will establish its secretariat offices, without this decision being able to prejudice the later decision by governments on a joint seat;

Instructs the Committees on Political Affairs and the Budget to report on the most suitable solution for this problem. ”

President Furler also informed the House that on 20 June a delegation of the European Parliament had submitted to the Council of the European Communities the draft convention concerning election of the Parliament by direct universal suffrage and a certain number of resolutions which, together with the draft, form the complete set of texts concerning the European elections.

After debating the matter the Parliament adopted a resolution on the preparation of public opinion for European elections by direct universal suffrage, in which it :

.....

“ Requests its bureau to make available to the services in the department of the secretariat responsible for Parliamentary documentation and information all the means required to prepare public opinion in the six States for European elections by direct universal suffrage, and

Instructs its bureau to ensure wide dissemination of the draft convention and of the declaration of intention, together with the relevant report made by the Committee on Political Affairs and Institutional Questions. ”

On 28 June 1960 the President of the European Commission presented the Third General Report on the activities of the Community. The speech in which President Hallstein introduced the general debate on the report included a statement of the Commission's support for a single Executive serving the three Communities. Already, Professor Hallstein said, the three Communities were one, they were but different branches of one and the same unit. That there were several Executives was a fortuitous fact of history ; the competences that overlap or conflict must be replaced by the single competence of a single Institution in order to guarantee homogeneity and internal logic in the expression of the Community's will and unity in its action. The Commission of the European Economic Community did not propose that the substance of the Treaties be revised, but it did suggest placing the administration of the three Treaties in the hands of a single Commission.

Referring to the problem of relations with the associated overseas countries attaining independence, President Hallstein stated that while awaiting the expiry of the Implementing Convention and the establishment of new relations between the associated countries and the Community, one solution which would be both pragmatic and legally defensible, would be not to look on the change-over as an event which cut the bonds of association but to maintain the relationship on the basis of the present situation if and as long as those concerned so wished. The newly independent territories could either establish direct relations with the Community or continue to have themselves represented by their former mother countries.

Maintenance of the association relationship would of course include maintenance of the relationship to the Development Fund.

In the general debate which followed this statement (1) the spokesmen of the three political groups expressed their approval of the Third General Report and of the statement made by President Hallstein.

On behalf of the Community, M. Mansholt, a Vice-President of the Commission, and M. von der Groeben, a member of the Commission, replied to the three spokesmen.

In connection with the presentation of the Third General Report by the President of the Commission, the President in office of the Council, M. Eugène Schaus, whose period of office expired on 30 June, also made a statement to the European Parliament on the activities of the Councils during his period of office.

The Parliament also heard a statement from M. Lehmans, who presented the report of the Energy Committee concerning the co-ordination of energy policies. The three Executives took part in the debate which followed the opening statement by M. Lehmans. At the close of the discussion the Parliament, by unanimous vote except for one abstention, adopted a resolution containing the following :

“ The Assembly,

Considers that although there is no reference to a common energy policy in the Treaty, there cannot be economic integration in the Community without such a policy;

Stresses that the role which the consumption of energy appears in the light of experience to play in raising the standard of living is so important that it behoves all concerned to spare no effort in the endeavour to ensure that the Community shall have cheap, ample and assured supplies of energy;

Urges the need for long-term consideration by the Inter-Executives Committee of ways and means of co-ordinating the practical measures to be taken in the field of energy policy;

Believes that the outcome of these broad deliberations must not be awaited before proposals are made on energy measures, the need for which is proven by the continuing crisis in Europe's coalfields;

.....

Requests that the indispensable steps to harmonize the conditions of competition between the Community's coal and all other forms of energy shall be taken as rapidly as possible;

Stresses the need for a common commercial policy which covers not only the fixing of duties and quotas but seeks to establish relations between the Community and the authorities which control the sources of supply, whether public or private;

Requests that wherever the Executives have not sufficient powers of decision to ensure a co-ordinated energy policy, Governments shall not delay in reaching agreed decisions on all matters for which they are competent, and

Instructs its Committee on Energy Policy to follow the development of energy problems and to keep the Parliament informed so that it can state its views as rapidly as possible on the results of current deliberations."

The Parliament heard the report by M. Geiger on the European University. At the end of the debate in which the views of the Commissions were given by M. Hirsch, President of the Euratom Commission, and M. Petrilli, a Member of the Commission of the European Economic Community, the Parliament adopted a resolution in which it :

.....

" Approves the report on the form of the European University and on the report of the Interim Committee, submitted in June 1960 by the Committee on Scientific and Technical Research, and hopes that the principles contained in this Committee report will be taken as the basis for organizing the European University;

Considers that the proposals of the Interim Committee for the European University can be taken at least as a starting point for the organization of that University;

Deplores that the Council of Ministers at its session of 20 June 1960 was not yet able to reach an agreed decision on the organization of the European University;

Hopes that at their next session the Councils will at last take a positive decision based on the proposal put forward by the Interim Committee in paragraph 73 of its report, so that the European University may open its doors as intended in autumn 1961;

.....

Submits, in connection with the report of the Interim Committee and in line with the report drawn up by the Parliamentary Committee on Scientific and Technical Research, the following comments which appear to be of a special importance and which should be kept in mind by those drafting the convention :

1. The proposal that the European University is not to be " a complete university " can only be accepted for the transition period. The objective must be to have all disciplines represented and to enable students whose university education is not yet finished at home to continue their studies at this University.

2. If it is to live up to its name and to what is expected of it by the European Parliament, the European University must not, even during this formative period, be merely an institute of European affairs in which there is only room for applied sciences. The various departments must include fundamental research.

.....

4. The European University must be given a statute guaranteeing its autonomy and complete freedom of teaching and research.

.....

10. The budgets of the European Council for Higher Education and Research must be drawn up and approved in the same way as the budget for the common European institutions."

The President of the European Parliament informed the House of the replies received up to 30 June to the invitation sent to the Parliaments of the overseas countries and territories for a conference with the European parliamentarians in spring 1961.

M. Senghor, President of the Federal Parliament of Mali, has already notified President Furler of his agreement. In the course of the session M. Corniglion-Molinier, a member of the Parliament, announced the agreement of the Parliaments of the Ivory Coast, Dahomey, Niger and the Republic of Volta.

Joint meeting of the members of the Consultative Assembly of the Council of Europe and of the members of the European Parliament

Members of the Consultative Assembly of the Council of Europe and the members of the European Parliament held a joint meeting on 24 and 25 June, with M. Furler and M. Federspiel presiding. M. Gaetano Martino, a member of the European Parliament, presented a report on the activities of the European Parliament.

The Presidents of the Executives of the European Communities took part in this meeting.

President Hallstein made a statement in the course of which he stated that it was generally agreed that the interests of European trade were better served if questions of principle gave way temporarily to practical questions. The resolution passed by the Committee of Twenty-One on 10 June showed with special clarity, he said, that the debates of yesterday had been replaced by realism. The twenty States and the Commission were agreed :

That the European conversations had broadened into Atlantic conversations and that as a result all decisions had to be taken in accord with their American and Canadian friends;

That the talks between the Six and the Seven must be open to other interested parties as well;

That all solutions of specifically European problems must respect the rules of GATT and take account of the interests of the non-member countries;

That practical steps must be taken to secure and extend the traditional pattern of trade;

That effective preparation for the fifth round of tariff negotiations in GATT could make its contribution to this end;

That discussion of the long-term aspects of these problems was not excluded, but that in the existing state of affairs negotiations on the point did not seem opportune.

M. Hallstein was glad to note the trend of public opinion and also of leading circles in European states outside the Community towards a serious study of the problem of full membership in the Community of the Six.

B. THE COUNCIL

On 20 June the Councils of the three Communities received a delegation from the Parliament, led by M. Furler.

M. Furler handed to the Councils on behalf of the Parliament the draft convention concerning election of the Parliament by direct universal suffrage as well as a certain number of resolutions in this connection adopted by the Parliament. M. Furler pointed out that the Parliament had thus carried out the duty incumbent on it under Articles 108, 21 and 138 respectively of the Treaties of Euratom, of the ECSC and the EEC.

M. Eugène Schaus, President of the Councils, assured the delegation that the Councils would examine the draft convention with all the attention it deserved.

On 20 and 21 June the Council of the EEC held its 33rd session under the chairmanship of M. Eugène Schaus, Minister of Foreign Affairs of the Grand Duchy of Luxembourg.

The Council examined the report prepared by the Interim Committee for the European University and discussed certain aspects of this report. The Council agreed to return to this subject at its next session, but in order to avoid any delay it instructed the Interim Committee to make with the Italian authorities the first contacts necessary for establishing the University at Florence, the city provisionally chosen as its seat.

The Council continued its work on the statute for the staff serving the Community, using as a basis the draft worked out by the Committee of Permanent Representatives in accordance with the instructions given by the Councils at their session of 9 and 10 March. The Council instructed the Committee of Permanent Representatives to finalize certain of the provisions before initiating the procedure for consultation of the other institutions.

The Council discussed with the two Commissions and the High Authority the question of participation by the Communities in the OECD.

The Council had an exchange of views with the Commission on problems raised by the adaptation to the changing political situation in the overseas countries and territories of the form in which these are associated with the Community. It will examine this matter further at its next session.

The Council appointed M. Eduard Sina, Director of the Audit Office of the Federal Republic of Germany, to be a member of the Control Commission in place of the late M. Peter Heck.

- The Representatives of the Governments of Member States, assembled in the Council, discussed the proposals put forward by the Commission on the application of Articles 95 and 97 of the Treaty. Agreement was reached that any State considering changes in the rates of drawback on exports or in compensatory charges on imports would hold prior consultations with the others (1).

The Council of the EEC held its 34th session in Brussels on 27 June, under the chairmanship of M. Pierre Grégoire, Minister of Transport of the Grand Duchy of Luxembourg.

The Council, acting on a proposal of the Commission and after consultation of the Economic and Social Committee, laid down the rules required by Article 79 (3) concerning the abolition of discrimination in the rates and conditions of transport. These rules forbid any discrimination which consists in the application by a carrier, in respect of the same goods conveyed in the same circumstances, of transport rates and conditions which differ on the ground of the country of origin or destination of the goods carried. To enable the Commission to check the conditions applied and to discover possible forms of discrimination, every consignment must be covered by a document showing the relevant facts.

These rules lay down that if by 1 July 1963 publication of the rates and conditions of transport has not been regulated under Article 74 as required by Article 75, decisions will be taken within the limits and conditions laid down in Article 79 (1 and 3) concerning the nature, form and scale of publication, together with any other relevant provisions, due account being taken of the fact that they will in each case have to fit into the common transport policy.

The above rules will come into force twenty days after publication in the official gazette of the Communities.

The Council met on 19 and 20 July for its 35th session, with M. J.M.A.H. Luns, Netherlands Minister of Foreign Affairs, in the chair.

The Council discussed a statement made by the Commission on the present state of the negotiations with Greece and stressed the importance it attaches to the conclusion of an agreement with the Greek Government (2).

(1) See Chapter II, § 40. (fiscal problems)

(2) See Chapter II, § 3.

The Council dealt with the Commission's proposals concerning certain rates of duty fixed on 13 February 1960 in the light of the duties decided on for certain tariff headings in List G. In view of the undertakings given on 13 February 1960 the Council also dealt with certain alterations to ad valorem duties, coupling them with a minimum specific charge (1).

The Council made a preliminary examination of the Commission's proposals on changes in the rate for raw tobaccos contained in List F annexed to the Treaty (2).

The Council held a preliminary general discussion on the new proposals put forward by the Commission for the shaping and the application of the common agricultural policy. It settled the form of the Special Committee which is to prepare its decisions. This Committee, for which a chairman will be appointed at the next session of the Council, will hold its first meeting on 9 September 1960 (3).

The Council noted the Commission's proposals for solving certain problems caused by cyclical developments in the manpower field (4).

The Council, having before it the Commission's proposals on the free movement of workers, decided to seek the opinion of the European Parliament and the Economic and Social Committee (5).

The Council, having further examined the question of representation in OECD, the new organization to replace OEEC, adopted the text suggested in the report of the Four Wise Men (6).

It was agreed that the six Member States, when signing the Convention establishing OECD, would do so in their own names and as members of the European Communities.

The EEC and Euratom Councils continued their discussion of the proposals made by the Interim Committee for the European University. As their deliberations did not lead to an agreed formula, the Councils decided that the proposals should be further studied by the Committee of Permanent Representatives in close co-operation with M. Hirsch, President of the Euratom Commission and chairman of the Interim Committee, and that the discussion would be continued at the next session.

The Ministers of Foreign Affairs took the opportunity provided by their attendance at the Council session to examine the third interim report submitted by the ad hoc

(1) See Chapter II, § 29 and foll.

(2) See Chapter II, § 31.

(3) See Chapter II, § 55.

(4) See Chapter II, § 46.

(5) See Chapter II, § 64.

(6) See Chapter II, § 15.

committee examining the problems of aid to countries in the course of development (1).

C. THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee held its tenth plenary session on 28, 29 and 30 June, with M. De Staercke in the chair. The Committee adopted a complementary opinion on the proposals put forward by the EEC Commission on the subject of the common agricultural policy; this opinion concerns the section dealing with products.

This opinion was adopted after the Commission had decided on the revised proposals to be put before the Council; the Commission will bring it to the Council's attention.

Various sections of the Committee met during June :

The Section for non-wage-earning Activities and Services held its second meeting on 27 June. It discussed the draft general programme for abolition of restrictions on freedom of establishment which the Commission has submitted to the Council, and it appointed a working party to examine the proposals.

On 29 June the Section for Economic Questions held its sixth meeting in Brussels. It also discussed briefly the draft general programme for the abolition of restrictions on freedom of establishment.

The Transport Section held its fifth meeting on 30 June and discussed the Commission's memorandum on discrimination in the field of rates and conditions for the transport of goods not covered by the provisions of Article 79 (1), which had been submitted by the Commission for an opinion.

D. THE MONETARY COMMITTEE

The Monetary Committee met on 21 June with M. Van Lennep in the chair. It continued its investigation on the financial and monetary situation of Member States and its studies on methods of influencing the liquidity of banks.

The Committee met again on 8 and 9 July under the chairmanship of M. Van Lennep. It examined the recent developments in the monetary and financial situation of Member States, particularly in the Federal Republic of Germany.

E. THE CONSULTATIVE COMMITTEE ON TRANSPORT

On 7 and 8 June the Consultative Committee on Transport held its sixth session in Brussels under the chairmanship of M. J. Vrebos.

(1) See Chapter II, § 88.

The Commission requested the Committee to give an opinion on the priorities to be established in implementing Article 75 (1 a), which deals with the common rules to be laid down for international transport.

A list of certain priorities was drawn up and approved at the next meeting, which was held on 15 July.

